Stock Code: **6223**

MPI Corporation

2023 Annual Report

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I. Company spokesman and deputy spokesman:
Spokesman’s Name: Qiu, Jin-Wen
Job Title: Special Assistant of the Chairman of Board
Tel. No.: 03-5551771
E-mail: amanda.chiu@mpi.com.tw

Deputy Spokesman’s Name: Zhuang, Jie-Zhi
Title: Vice Director of the Business Division
Tel. No.: 03-5551771
Email: raymond.chuang@mpi.com.tw

II. Address of the Company’s Head Office, Branch and Plant, and Tel. Nos.:
Head Office: No. 151, No. 153 & No. 155, Zhonghe Street, Zhubei City, Hsinchu County
Tel. No.: 03-5551771
2nd Plant in Zhubei: No. 129, Zhonghe Street, Zhubei City, Hsinchu County
Tel. No.: 03-5551771
3rd Plant in Zhubei: No. 155, Taihe Rd., Zhubei City, Hsinchu County
Tel. No.: 03-5551771
Xinpu Plant: No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County
Tel. No.: 03-5551771
Hukou Plant: Building B, 1F, No. 42, Guangfu Rd., Hukou Township, Hsinchu County
Tel. No.: 03-5551771
Branch in Southern Taiwan: No. 7, Luke 1st Road, Luzhu Dist., Kaohsiung City
Tel. No.: 07-9559966

III. Shares Registrar:
Name: Hua Nan Securities Co., Ltd.
Address: 4F, No. 54, Sec. 4, Minsheng E. Road, Taipei City
Website: http://www.entrust.com.tw
Tel. No.: 02-27186425

IV. External Auditors in the most recent year:
Name of CPA: Chen, Chih-Ling and Chen, Yi-Ling, CPAs
CPA Firm: Nexia Sun Rise CPAs & Co.
Address: 2F, No. 33, Fuxing N. Road, Taipei City
Website: http://nexia.otc.gs
Tel. No.: 02-27510306

V. Name of any exchanges where the Company’s securities are traded offshore: N/A

VI. Company Website: http://www.mpi.com.tw

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One. A Message to Shareholders

I. 2023 Business Report

(I) Business Plan and Result

For 2023, the Group recorded the consolidated operating revenue amounting to NT$8.147 billion, 10% up from NT$7.412 billion of 2022. The earnings for 2023 amounted to NT$1.312 billion or NT$13.92 per share, which was 8% up from NT$1.214 billion of 2022.

The overall market in 2023 underwent a year of inventory adjustments, and most market participants believe that such adjustments in the industry is close to an end. Although the market is still low in the first half of 2024, the demand for end products in 2024 is expected to bounce gradually. According to a forecast made by a research institution, the global semi-conductor market size will grow to US$576 billion in 2024 at an annual growth rate of 11.8%.

In terms of industry, since PC industry were the first to experience inventory adjustments, it in turn sees the recovery first. The research institution indicated that AI and automobiles will become the major drivers of semi-conductors' growth in the coming 3-5 years, and the market for AI semi-conductors in 2026 will exceed US$86 billion, accounted for 11% of the global semi-conductor output. The compound annual growth rate (CAGR) of AI semi-conductor market from 2021 to 2026 will be 19.9%, surpassing 5.8%, the CAGR of the global semi-conductor market for the same period.

As the number of electronic parts carried on automobiles increases, the automotive industry has been driving the growth of automotive chips. Following the increasing penetration of electric vehicles, the demand of electronic parts per vehicle will likely grow vigorously. According to the forecast made by Gartner, the automotive semi-conductor market will expand to US$122.7 billion in 2027 from US$67.5 billion in 2022 with a compound annual growth rate (CAGR) of 12.7%.

Nowadays, people highly rely on electronic products for living, and these electronic products are results of semi-conductor manufacturing process. The invention of probe cards has significantly improved the yield of chips in semi-conductor manufacturing process while people's demand for electronic products has affirmed the long-term growth trend of the semi-conductor industry. The blooming semi-conductor industry has thus secured the delightful future of probe cards. MPI, as a leader in the global probe card market, will pay more attention on enhancing its technology and service quality to create a higher investment value for its shareholders.

(II) Revenue and profitability analysis

Unit: NTD thousand

Item \ Year		2022 (After restatement)	2023	Change (%)
Revenue	Net Sales	7,411,929	8,147,112	9.92
	Gross profit	3,406,381	3,897,063	14.40
	Profit or loss after tax	1,213,625	1,311,899	8.10
Profitability	ROA (%)	11.78	11.40	(3.23)
	ROE (%)	18.73	18.05	(3.63)
	Operating Income to Paid-in capital ratio (%)	132.68	156.14	17.68
	EBT to Paid-in capital ratio (%)	153.45	167.92	9.43
	Net profit margin (%)	16.36	16.07	(1.77)
	EPS (NT$)	12.89	13.92	7.99

(III) Research and development

Research and development findings in 2023 include:

1. Wafer probe card:
   - A. In response to the market demand of AI and high speed/high performance computing, we continue to develop high speed and high current withstanding probe cards satisfying customers' technical requirements for wafer testing.
   - B. Following the automotive industry's energy transition from gasoline to electricity and the rising demand for autopilot technology, the needs for automotive ICs mount day by day. In order to

fulfill the demand of customers from automotive IC industry for lifting production capacity, the Company has developed the product with high DUT counts and large coverage.

C. The development of probe card solution meeting the market requirement for the fastest speed was completed.

2. Semi-conductor and photoelectric automated equipment:

A. Measuring equipment for optical characteristic parameters (RIN, S21) of optical communication components.

B. Wafer level test system with nano-second pulsed high power laser diode and VCSEL, that can test electrical and optical measuring systems such as single chip, 1D addressable components, and 2D addressable components.

C. Flip-chip wafer level three-temperature probe station system.

3. Semi-conductor component temperature testing series:

We continued to develop various models that correspond to different testing temperature ranges and traffic to match customers' needs for multitasking and provide the best solution for mass production and engineering.

4. Semi-conductor engineering testing machine series:

We successfully launched the automatic temperature alignment system and the high-frequency, microwave advanced measuring system, which significantly improve the accessibility and precision of tests.

II. Overview of 2024 Business Plan

(I) Operational guidelines

Technology is the essence of competitiveness. In light of the development of the microelectronics industry and technology requirements in the future, MPI Corporation upholds its core philosophy to assist its clients in enhancing competitiveness and undertakes the following strategic plan and efforts on its path to grow with clients:

1. To satisfy the needs for application of high-rank IC scaling, we continue to develop wafer level fine-pitch testing technology.
2. In response to the application demand of high performance computing, we continue to develop high current withstanding probes and high current withstanding probe card architecture.
3. We place R&D focus on developing the wafer probe card with higher speed to meet the technical requirements of the next generation high speed transmission and match with the application of smart devices in the future.
4. In response to the demand for high temperature and high DUT counts, we continue to develop high temperature probe card technology with large coverage.
5. For the multi-layer organic substrates, MPI has been allocating resources into continuously refining cantilever width and pitch. The annual goal for PCB is to develop technology of more layers to fulfill clients' technical requirements for higher specification and thus strengthen the overall product competitiveness of probe cards.
6. For the semi-conductor and photoelectric automation industry, we aim at four industrial fields including optical communication and silicon photonics, sensing& LiDar, micro display and compound semiconductors such as LED, GaN, SiC, etc. to offer automated equipment with high optical, mechanical and electrical integration for the measurement, sorting, optical inspection of short pulsed, high voltage and high current in environment of various temperatures. We will also extend our collaboration with world-class technology leaders in pursuit of providing semiconductor industry the next generation products, and set the innovation in turnkey solution for mass production technology as our main development goal.
7. With respect to the component temperature test system, we will expand the scope of product lines to include the development of laboratory desktop cooling and heating system to meet client's engineering requirement for speed. We will continue to explore and design various series of products targeting both mass production and tests under laboratory temperature, and provide the best corresponding products.
8. In the application field of semi-conductor engineering testing, we will emphasize measurement of higher frequency and preciseness and successively boost product functions, allowing more precise measurement and easier use for clients and thus speeding up engineering experiments.

(II) Key production and sales policies

Coping with the demands from smart living, contactless economy, electronic vehicles and carbon reduction, and the emerging applications in various aspects of the industry arising from AI, the Company pays close attention to the development trends of emerging technology and sets technical blueprints in order to precisely allocate resources to the development of new products and hence expands business. We also constantly improve our supporting capability of foreign operations with the goal providing our customers comprehensive technical support in a faster and more precise manner, thereby increasing our market share.

The Company will uphold our core philosophy of assisting our customers to upgrade their competitiveness and thereby position the Company as technology partners of our customers. The Company's main production and sales policy is also focused on customers' future demand, joint development of the most suitable products and provision of in-time technical services. Therefore, the Company will offer the best solutions for its customers.

III. The development strategy of the future

(I) Based on the five major technical areas including probers, sorting, photoelectric testing, imaging detection and automated equipment, we provide complete testing application solutions to meet the need for mass production of new leading products of the photoelectric and semiconductor industries.

(II) In the application field of semiconductor engineering testing, oriented on the core technology of micro-signal, high-frequency, high power, high-temperature/low-temperature measurement, we will enhance product competitiveness with products featuring advanced and higher-specification technology.

(III) We will keep exploring opportunities in semi-conductor market with our core temperature control technology, while extending the reach of temperature testing system to non-electronics markets, such as automobiles, 5G/RF telecommunication, sensors and data center fiber.

(IV) In response to the constant end demand for faster, multi-functional, smart and more energy-saving electronic products, chips are made to meet various demands for functions. We therefore follow the technology development roadmap to develop the high temperature, high-pin-count and low-pin-pressure probe cards, as well as the high current withstanding, high transmission speed fine-pitch probe cards for the customer needs to ensure our competitiveness.

IV. The effect of the external competitive, legal, and macroeconomic environment

As a result of US-China trade war and post-pandemic supply chain, semi-conductor industry has become a political focal point of the world. Through investments and strategic alliance, countries form cross-border cooperation while competing with each other for global economic stability, national security and technology development.

MPI is the third largest non-memory probe card maker in the world and has striven for global development and customer service for a long time. The Company has set up sales and service business locations in the globe in the past years leading to increasing market share and presence in the global market of all product lines. MPI is capable of providing clients with more stable and higher quality customization service with its extensive array of semi-conductor testing interface products and extensive global presence. We believe that MPI's global presence and extensive wafer testing product mix will mitigate its operational risk, encourage steady profit growth and create long-term investment return for shareholders.

Two. Introduction to Company

I. Date of incorporation: July 25, 1995.

II. Company history

July 1995	MPI Corporation was incorporated with the capital of NT$5 million.
July 1996	Maintenance technology of Micronics Japan Co., Ltd. ("MJC") was transferred to MPI.
September 1996	Reorganized to incorporate MPI Corporation
December 1997	MJC technical guidance and training started.
March 1998	MJC technical guidance and training ended.
October 1998	Due to the capital increase in cash by NT$55 million, the capital became NT$60 million.
October 1998	MJC 8 DUT completed the technology transfer and official invested in MPI Corporation.
December 1998	Possessed the ability to maintain 32 DUT
March 1999	Possessed the ability to produce Fine pitch (50μm)
June 1999	Possessed the MJC 8 DUT New Design ability
April 2000	Bldg. A of 1st Plant in Zhubei completed and activated
July 2000	Southern Taiwan Office and Customers Service Center established
July 2000	Due to the capital increase in cash and upon recapitalization of earnings, totaling NT$40 million, the capital became NT$100 million.
December 2000	Possessed the MJC 16 DUT Production & New Design ability.
December 2000	MPI TRADING CORP. incorporated with the registered capital US$1 million.
May 1991	Semi-auto prober released for LED wafer probing.
May 1991	Due to capital increase in cash and by recapitalization of earnings and employee bonus, totaling NT$100 million, the capital became NT$200 million.
July 1991	Proceed with the public offering upon approval of Securities and Futures Bureau, Ministry of Finance.
August 1991	Incorporated MMI HOLDING CO., LTD. with registered capital of NT$10 million.
September 1991	Obtained the ISO 9001: 2000 Certification for Quality Management System
December 1991	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the first time.
June 1992	Due to succession to the shares of Chain-Logic International Corp. amounting to NT$50 million and capital increase by recapitalization of earnings and employee bonus amounting to NT$50 million, i.e. NT$100 million in total. After that, the capital became NT$300 million.
July 2002	Apply for registration of GTSM listed stock.
July 2002	Ranked 8th place among the "Top 100 Small-Sized and Medium-Sized Enterprises with Potential" selected by CommonWealth.
August 2002	Trade stock in GTSM, and apply for GTSM listed stock.
October 2002	Applied for GTSM listed stock approved by Securities Listing Review Committee of GTSM.
January 2003	MPI stock traded in GTSM as the general class stock as of January 6, 2003.
January 2003	Received the approval letter for the "Newly Emerging, Important and Strategic Industries" from Industrial Development Bureau, MOEA for the second time.
July 2003	Ranking 8th place for EPS among the "Top 100 Small-Sized and Medium-Sized Enterprises with Potential" selected by CommonWealth.
July 2003	Applied for approval of the plan on the development of new leading products "semi-conductor components analysis platform" with Industrial Development Bureau.
August 2003	Trial mass production by vertical type probe card.
October 2003	Bldg. B of 1st Plant in Zhubei completed and activated.
April 2004	Offered the 1st domestic unsecured convertible corporate bond totaling NT$250 million.
May 2004	The application for stationing in Luchu Science Park was passed by the Luchu Science Park Review Committee.
June 2004	Bldg. C of 1st Plant in Zhubei completed and activated.
March 2005	Received the approval letter for the "Newly Emerging, Important and Strategic Industries"

	from Industrial Development Bureau, MOEA for the third time.
April 2005	Southern Taiwan Branch (1st Plant in Luchu) completed and activated.
June 2005	Family Day and Charity Carnival for 10th anniversary celebration.
June 2005	Ranking 7th place for EPS of technology index TWSE/GTSM stock, 5th place for profit ratio and 7th place for return on equity (ROE) among the “TOP 100 Technological Companies in Taiwan” selected by CommonWealth in 2004.
September 2005	Conferred the Industrial & Technological Development - Excellent Enterprise Innovation Award of 13th Term by MOEA.
November 2005	Employee dormitory completed and activated.
December 2005	Received the approval letter for the “Newly Emerging, Important and Strategic Industries” from Industrial Development Bureau, MOEA for the fourth time.
May 2006	Received the approval letter for incorporation of Southern Taiwan Branch of MPI from MOEA.
September 2006	Listed as one of the candidates under the “Leading New product Development Guidance Plan - Special Report for 12 Candidates”.
November 2006	Applied for approval of the plan on the new leading products “RFID Automatic Flip Chip Bonder” with Industrial Development Bureau.
February 2007	Offer the domestic 2nd unsecured convertible corporate bond totaling NT$400 million.
March 2007	2nd Plant in Luchu, Kaohsiung completed and activated.
June 2007	Applied for approval of the plan on the new leading products “Advanced Micro Electro Mechanical SoC Probe Card” with Industrial Development Bureau.
January 2008	Received the approval letter for the “Newly Emerging, Important and Strategic Industries” from Industrial Development Bureau, MOEA for the fifth time.
December 2008	Listed in the middle-sized enterprise rating among the “Top 73 Companies Which Make Most Money for Shareholders” selected by Global View Monthly.
February 2009	Taiwan Intellectual Property Office announced MPI as “2008 top 100 local innovative companies”.
March 2009	Received the approval letter for the “Newly Emerging, Important and Strategic Industries” from Industrial Development Bureau, MOEA for the sixth time.
June 2009	Applied for approval of the plan on the development of new leading products “semi-conductor high-frequency components probe card for probing” with Industrial Development Bureau.
December 2009	Received the approval letter for the “Newly Emerging, Important and Strategic Industries” from Industrial Development Bureau, MOEA for the seventh time.
September 2010	Invested 900 million won in MEGTAS CO., LTD.
March 2011	Capital increase of MEGTAS CO., LTD. by 300 million won.
March 2012	Capital increase of MEGTAS CO., LTD. by 300 million won.
May 2012	2nd Plant in Zhubei completed and activated.
October 2012	Honored as “Deloitte Technology Fast500 Asia Pacific 2012”
February 2013	Taiwan Intellectual Property Office announced MPI ranking at 88th place among the “2012 top 100 local companies which apply for patent”.
April 2013	Awarded in the 2nd “Taiwan Mittlestand Award”.
May 2013	Ranking at 7th place in the “Global Probe Card Suppliers’ Billboard Published by VLSI Research Inc. in 2012”
May 2013	Ranking at 4th place in the best sub-system suppliers investigated by VLSI Research 2012
January 2014	Identified on the name list of 69 potential medium-sized enterprises of 2nd term selected by Ministry of Economic Affairs
January 2014	Reinvested US$4 million in Lumitek (Changchou) Co. Ltd.
February 2014	Taiwan Intellectual Property Office announced MPI ranking at 67th place among the “2013 top 100 local companies which apply for patent”.
March 2014	Re-invested NT$50 million in Allstron Corporation.
April 2014	Ranked at 5th place in the global probe card suppliers’ billboard in 2013 (by VSL Research).
September 2014	Purchased Xinpu Plant.
November 2014	Offered the 3rd domestic convertible corporate bond totaling NT$700 million.
November 2014	United family day of 20th anniversary.

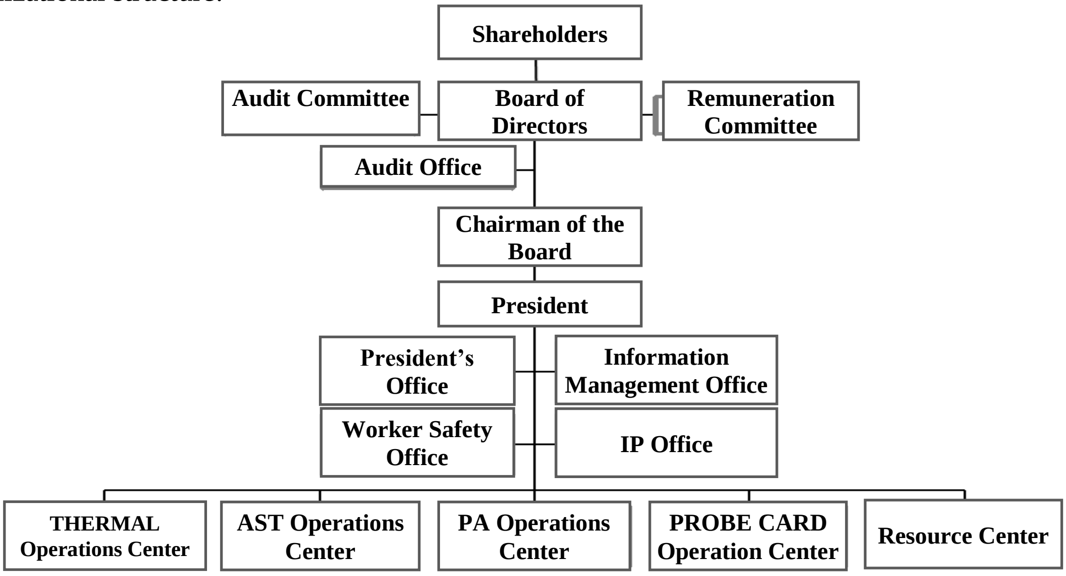
February 2015	Taiwan Intellectual Property Office announced MPI ranking at 79th place among the “2014 top 100 local companies which apply for patent”.
February 2015	Reinvested US$7.5 million in Lumitek (Changchou) Co. Ltd.
April 2015	VLSI Research Inc. announced MPI ranking 1st place in the market of Epoxy/Cantilever Probe Cards in the world in 2014.
April 2015	VLSI Research Inc. announced MPI ranking 4th place in the market of vertical type probe cards in the world in 2014.
April 2015	VLSI Research Inc. announced MPI ranking at 5th place in the global probe card suppliers’ billboard in 2014.
August 2015	Reinvested US$600,000 in Lumitek (Changchou) Co. Ltd.
November 2015	Reinvested US$2.9 million in Lumitek (Changchou) Co. Ltd.
November 2015	Obtained the ISO 27001: 2013 Certification for Information Security Management System
February 2016	Taiwan Intellectual Property Office announced MPI ranking at 65th place among the “2015 top 100 local companies which apply for patent”.
September 2016	Obtained the ISO 14001: 2015 Certification for Environmental Management Systems
September 2016	Obtained the OHSAS 18001: 2007 Certification for Occupational Health and Safety Management System
December 2016	Reinvested US$1 million in Lumitek (Changchou) Co. Ltd.
January 2017	Obtained the ISO 50001: 2011 Certification for Energy Management Systems
February 2017	Taiwan Intellectual Property Office announced MPI ranking at 65th place among the “2016 top 100 local companies which apply for a patent” and 94th place among the “2016 top 100 local companies which apply for invention patent”.
April 2017	Awarded in the 4th “Taiwan Mittlestand Award”.
April 2017	VLSI Research announced MPI ranking 1st place in the global market of Epoxy/Cantilever Probe Cards in the world in 2016.
April 2017	VLSI Research announced MPI ranking 1st place in the global market of vertical type probe cards in the world in 2016.
April 2017	VLSI Research Inc. announced MPI ranking at 5th place in the global probe card suppliers’ billboard in 2016.
May 2017	Established MPA TRADING CORP. for USD 2.15 million.
May 2017	Invested MPI AMERICA INC. for USD 1.2 million.
September 2017	Invested MPI Corporation (Suzhou) for USD 1 million.
February 2018	Taiwan Intellectual Property Office announced MPI ranking at 65th place among the “2017 top 100 local companies which apply for patent” and 76th place among the “2017 top 100 local companies which apply for invention patent”.
May 2018	VLSI Research announced MPI ranking 1st place in the global market of Epoxy/Cantilever Probe Cards in the world in 2017.
May 2018	VLSI Research announced MPI ranking 2nd place in the global market of vertical type probe cards in the world in 2017.
May 2018	VLSI Research Inc. announced MPI ranking at 5th place in the global probe card suppliers’ billboard in 2017.
August 2018	Offered the 4th domestic convertible corporate bond totaling NT$1,001 million.
October 2018	Capital increase of MEGTAS CO., LTD. by 500 million won.
April 2019	VLSI Research announced MPI continuously ranking 1st place in the global market of Epoxy/Cantilever Probe Cards in the world in 2018.
April 2019	VLSI Research announced MPI continuously ranking 2nd place in the global market of vertical type probe cards in the world in 2018.
April 2019	VLSI Research announced MPI continuously ranking at 5th place in the global probe card suppliers’ billboard in 2018.
December 2019	Obtained the ISO 17025: 2018 Laboratory Accreditation (No. 3631)
April 2020	VLSI Research announced MPI continuously ranking 1st place in the global market of Epoxy/Cantilever Probe Cards in the world in 2019.
April 2020	VLSI Research announced MPI continuously ranking 1st place in the global market of vertical type probe cards in the world in 2019.
April 2020	VLSI Research announced MPI continuously ranked in 5th place on the global probe card

	suppliers' billboard in 2019.
September 2020	Obtained the ISO 45001: 2018 Certification for Occupational Health and Safety Management Systems
January 2021	3rd Plant in Zhubei completed and activated.
April 2021	VLSI Research announced MPI continuously ranking 1st place in the global market of Epoxy/Cantilever Probe Cards in the world in 2020.
	VLSI Research announced MPI continuously ranking 1st place in the global market of vertical type probe cards in the world in 2020.
	VLSI Research announced MPI continuously ranked in 5th place on the global probe card suppliers' billboard in 2020.
June 2021	Donation of two police cars to Hsinchu County Police Bureau
	Donation of medical resource worth NT$ 1 million to Social Affairs Department of Hsinchu County Government
September 2021	Invested MPA TRADING CORP. for US$ 10.2 million.
	Invested MPI AMERICA INC. for US$ 10.2 million.
	Invested Celadon System Inc. in the U.S. for US$ 10.2 million.
February 2022	Ranked at 88th place among the "2021 top 100 resident invention patent applicants."
June 2022	TechInsights Inc. announced MPI continuously ranked at the 1st place in the global market of Epoxy/Cantilever Probe Cards in the world in 2021.
	TechInsights Inc. announced MPI consecutively ranked at the 5th place on the global probe card suppliers' billboard in 2021.
February 2023	Ranked at 87th place among the "2022 top 100 resident invention patent applicants."
April 2023	Acquired the land and plant at Hukou Industrial Zone
April 2023	Yole Group announced MPI consecutively ranked at the1st place in the global market of Epoxy/Cantilev Probe Cards in the world in 2022.
	Yole Group announced MPI consecutively ranked at the 5th place on the global probe card suppliers' bi in 2022.
October 2023	Received the ISO 14064-1 Verification Statement for Greenhouse Gas Inventory
March 2024	Donated a self-play piano to the NTU BioMedical Park Hospital

Three. Corporate Governance Report

I. Organization

(I) Organizational structure:



(II) Operations and functions:

Audit Office	Responsible for processing the audit, maintenance, improvement and suggest under the internal control system throughout the Company, and helping various units resolve problems, take corrective actions and upgrade efficiency.
President's Office	Help the President with the management planning and control over various departments' functions and implementation thereof, in order to achieve the business goals.
Information Management Office	Responsible for computerization, access to network, emails, and planning and configuration of Internet throughout the Company.
Occupational Safety Office	Responsible for safety and hygiene management and healthcare promotion for employees.
IP Office	Combine R&D activities, create fine-quality intellectual property for the enterprise, and improve competitiveness at the same time; respect and carefully evaluate another person's intellectual property rights to mitigate the risk over infringement, and maintain the greatest interest for the Company and shareholders.
THERMAL Operations Center	R&D, manufacturing and selling of the Thermal Air series products of the Company, provision of the temperature testing equipment that the customer needs for manufacturing or experiment. Our customers come from the semi-conductor, optical communication, photoelectric, automobile and aerospace industries. Our products are available around the globe.
ASTOperations Center	Responsible for planning, development, manufacturing, selling and after service of the engineering probing system and radio-frequency probe.
PA Operations Center	Development of new equipment product, technology application, manufacturing and assembling. Quality inspection and control of the raw materials and equipment products. Information collection of the market demands of automated photoelectric equipment. Achievement of operational goals.
PROBE CARD Operations Center	Responsible for research, development, design, manufacturing, selling and after service of the probe card products.
Resource Center	Responsible for the finance, accounting, stock and tax affairs of the Company. Procurement of raw materials. Human resources/labor and legal matters. Administrative management, general affairs and plant affairs.

II. Information about Director, President, Vice President, Assistant Vice President, and Head of Department and Branch:

(1)Directors:

Information on directors (1)

April 30, 2024 Unit: share; %

Job title	Nationality or place of registration	Name	Gender Age	Election (Appointment) Date	Term of office	Inauguration Date	Shares held at election		Current shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Other positions in the Company and other companies concurrently hold	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship			Remark
							Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Job title	Name	Relationship	
Chairman	R.O.C.	MPI Investment Co., Ltd.	-	June 15, 2020	3 years	April 16, 2001	8,334,626	10.42%	8,334,626	8.84%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
		Representative--Ko, Chang-Lin	Male 61-70 years old	June 15, 2020	3 years	July 11, 2016	1,425,994	1.78%	1,425,994	1.51%	427,781	0.45%	0	0.00%	Academic degree: EMBA, College of Management, National Chiao Tung University Major experience: Electronics Research & Service Organization, Industrial Technology Research Institute	This Company: CEO Other companies: Chairman of Chain-Logic International Corp., Chairman of MPI Investment Co., Ltd., Chairman of MMI HOLDING CORP., Chairman of MPI TRADING CORP., Chairman of MPA TRADING CORP. and Chairman of Gordon Biersch Restaurant & Brewery	N/A	N/A	N/A	N/A
Director	R.O.C.	MPI Investment Co., Ltd.	-	June 15, 2020	3 years	April 16, 2001	8,334,626	10.42%	8,334,626	8.84%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
		Representative--Steve Chen	Male 61-70 years old	June 15, 2020	3 years	August 1, 2012	230,283	0.29%	230,283	0.24%	0	0.00%	0	0.00%	Academic degree: National Taiwan University, Department of Mechanical Engineering, Master Program Major experience: Material and Chemical Research Laboratories, Industrial Technology Research Institute	This Company: Consultant Other companies: Director of Chain-Logic International Corp., Director of MPI Investment Co., Ltd., and Director of Allstron Corporation	N/A	N/A	N/A	N/A
Director	R.O.C.	MPI Investment Co., Ltd.	-	June 15, 2020	3 years	April 16, 2001	8,334,626	10.42%	8,334,626	8.84%	0	0.00%	0	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
		Representative--Scott Kuo	Male 51-60 years old	June 15, 2020	3 years	November 26, 2012	438,037	0.55%	396,037	0.42%	0	0.00%	0	0.00%	Academic degree: University of South Florida, Department of Mechanical Engineering, Master Program Major experience: Mechanical and Systems Research Laboratories, Industrial Technology Research Institute	This Company: President Other companies: Director of Chain-Logic International Corp., Supervisor of MPI Investment Co., Ltd., Chairman of Allstron Corporation, and Chairman of Lumitek (Changchou) Co. Ltd.	N/A	N/A	N/A	N/A

Job title	Nationality or place of registration	Name	GenderAge	Election (Appointment) Date	Term of office	Inauguration Date	Shares held at election		Current shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Other positions in the Company and other companies concurrently hold	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship			Remarks
							Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Job title	Name	Relationship	
Director	R.O.C.	Li, Tu-Cheng	Male 51-60 years old	June 15, 2020	3 years	April 16, 2001	599,349	0.75%	469,349	0.50%	414	0.00%	0	0.00%	Academic degree: Feng Chia University, Department of Business Administration Major experience: Chain-Logic International Corp.	This Company: N/A Other companies: Chairman of Zen Voce Corporation; Chairman of Chen Ho Investment Ltd.; Chairman of Zan Hong Industrial Co., Ltd.; Director of Zen Voce Precision Equipment (Suzhou) Ltd.; Chairman of Zen Voce(Pg)Sdn.Bhd ; Chairman of Zen Voce Manufacturing Pte Ltd.	N/A	N/A	N/A	N/A
Director	R.O.C.	Liu, Fang-Sheng	Male 61-70 years old	June 15, 2020	3 years	April 16, 2001	255,471	0.32%	255,471	0.27%	0	0.00%	0	0.00%	Academic degree: Kaohsiung Medical University, School of Dentistry Major experience: Taipei City Hospital	This Company: N/A Other companies: Dentist, Li Cheng Dental Clinic	N/A	N/A	N/A	N/A
Director	R.O.C.	Tsai, Chang-Shou	Male 61-70 years old	June 15, 2020	3 years	June 20, 2003	21,630	0.03%	21,630	0.02%	0	0.00%	0	0.00%	Academic degree: Chinese Culture University, Department of Accounting Major experience: Bureau of Accounting & Statistics, Provincial Government of Taiwan	This Company: N/A Other companies: Practicing CPA of Chin Hsin CPA Office; Director of Kung Long Batteries Industrial Co., Ltd.	N/A	N/A	N/A	N/A
Independent director	R.O.C.	Hsu, Mei-Fang	Female 51-60 years old	June 15, 2020	3 years	April 16, 2001	244,441	0.31%	244,441	0.26%	30	0.00%	0	0.00%	Academic degree: Ming Chuan University, Accounting Department Major experience: Baker Tilly Clock & CO	This Company: N/A Other companies: Practicing CPA of Dayar CPA Firm	N/A	N/A	N/A	N/A
Independent director	R.O.C.	Kao, Chin-Cheng	Male 51-60 years old	June 15, 2020	3 years	April 16, 2001	162,414	0.20%	162,414	0.17%	17,944	0.02%	0	0.00%	Academic degree: Department of Law, National Chung Hsing University Major experience: Hui Lin Law Office	This Company: N/A Other companies: Attorney-at-law in Kao, Chin-Cheng Law Office; Independent Director, Remuneration Committee member and Audit Committee member of Eclatorq Technology Co., Ltd.	N/A	N/A	N/A	N/A
Independent director	R.O.C.	Liao, Da-Ying	Male 61-70 years old	June 15, 2020	3 years	June 15, 2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Academic degree: Doctor of Judicial Science (Ph.D.), Kobe University Major experience: Professor, Department of Law, National Chung Hsing University	This Company: N/A Other company: Professor, the College of Law, Tunghai University; Independent Director, Remuneration Committee member and Audit Committee member of DuoGenic StemCells Corporation	N/A	N/A	N/A	N/A

(II) Director who acts as a corporate shareholder's representative, please specify the major shareholders of the corporate shareholder.

April 30, 2024

Name of the corporate shareholder	Major shareholders of the corporate shareholder	Ratio of shareholding
MPI Investment Co., Ltd.	Ko, Chang-Lin	44.83%
	Li, Tu-Cheng	27.17%
	Steve Chen	9.06%
	Cai, Shu-Jin	6.34%
	Hsieh, Wei-Yun	3.60%
	Scott Kuo	2.68%
	Ge, Yong-Lun	2.44%
	Ge, Yu-Pei	2.36%
	Ge, Yu-Sheng	1.52%

(III) Information on professional qualifications of directors and independence status of independent directors:

(1) Directors' professional qualifications and experience

Name		Professional qualifications and experience
Chairman	MPI Investment Co., Ltd. Representative --Ko, Chang-Lin	EMBA, College of Management, National Chiao Tung University More than 5 years of work experience in commerce and experience necessary for company operation.. He is currently the chairman of the Company, and possesses skills in leadership, marketing, operations management and strategy planning relevant to the industry. He leads the Company to become a pioneer in the industry and towards sustainable operation.
Director	MPI Investment Co., Ltd. Representative --Steve Chen	Master, Department of Mechanical Engineering, National Taiwan University More than 5 years of work experience in commerce and experience necessary for company operation.. He is currently the consultant of the Company and an expert in the R&D and innovation of semiconductor industry providing professional experience to the Company's R&D of products and application.
Director	MPI Investment Co., Ltd. Representative --Scott Kuo	Master, Department of Mechanical Engineering, University of South Florida More than 5 years of work experience in commerce and experience necessary for company operation.. He is currently the general manager of the Company with the expertise in operations management and professional experience in production management and planning, market strategy and business development.
Director	Liu, Fang-Sheng	Graduate of School of Dentistry, Kaohsiung Medical University More than 5 years of work experience in commerce and experience necessary for company operation.. He is currently the dentist of Li Cheng Dental Clinic and has experience in operations management and corporate governance. He provides crucial suggestions for the Company's development and supervises and advises the board of Directors.
Director	Li, Tu-Cheng	Department of Business Administration, Feng Chia University More than 5 years of work experience in commerce and experience necessary for company operation.. He is currently the chairman of Zen Voce Corporation with expertise and experience in industry and business management and corporate governance. With his expertise, he supervises and advises the board of Directors and provides professional opinions.

Director	Tsai, Chang-Shou	Graduate of Department of Accounting, Chinese Culture University More than 5 years of work experience in commerce, finance and accounting and experience necessary for company operation.. More than 5 years of working experience as a certified public accountant who has passed a national examination and been awarded a certificate in his profession. He is currently the practicing CPA of Chin Hsin CPA Office with the professional qualification and skills in finance and familiar with relevant laws and regulations. He provides practical suggestions for the Company, and supervises and advises the board of Directors.
Independent director	Hsu, Mei-Fang	Graduate of Accounting Department, Ming Chuan University More than 5 years of work experience in commerce, finance and accounting and experience necessary for company operation.. More than 5 years of working experience as a certified public accountant who has passed a national examination and been awarded a certificate in his profession. She is currently the practicing CPA of Dayar CPA Firm with the professional qualification and skills in finance and familiar with relevant laws and regulations. She provides the Company necessary supervision and suggestions from a professional and objective perspective.
Independent director	Kao, Chin-Cheng	Master's, Graduate Institute of Law, National Chung Hsing University More than 5 years of work experience in commerce and law and experience necessary for company operation. More than 5 years of working experience as an attorney who has passed a national examination and been awarded a certificate in a profession. He is currently the attorney-at-law of Kao, Chin-Cheng Law Office with professional knowledge in laws and familiar with relevant regulations. He provides legal opinions for the board of Directors with regard to corporate governance and on legal compliance of business decisions of the Company helping to mitigate the risk of violation of laws.
Independent director	Liao, Da-Ying	Doctor of Philosophy in Law, Kobe University More than 5 years of work experience in commerce and law and experience necessary for company operation. More than 5 years of experience as a professor in an academic department related to the business needs of the company in a public or private junior college, college, or university. He is currently the professor of the College of Law in Tunghai University with profound knowledge in law and is a highly respected figure in academia. He benefits the Company with his familiarity in corporate governance and offers valuable legal knowledge and opinions on corporate governance to the Board.

(2) Directors' status of independence

Name		Status of independence	Number of public companies where the person holds the title as independent director
Chairman	MPI Investment Co., Ltd. Representative--Ko, Chang-Lin	N/A	N/A
Director	MPI Investment Co., Ltd. Representative--Steve Chen		N/A
Director	MPI Investment Co., Ltd. Representative--Scott Kuo		N/A
Director	Liu, Fang-Sheng	All independent directors meet the following conditions during the two years before being elected and during the term of office: (1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (However, it is not applicable in the case of an independent director appointed concurrently by the Company and its parent company, a subsidiary, or a subsidiary of the same parent company in accordance	N/A
Director	Li, Tu-Cheng		N/A
Director	Tsai, Chang-Shou		N/A
Independent director	Hsu, Mei-Fang		N/A
Independent director	Kao, Chin-Cheng		1
Independent	Liao, Da-Ying		1

director		with the Act or local laws.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3). (5) Not a Director, Supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 institutional shareholders of the Company, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country). (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company (However, it is not applicable in the case of an independent director appointed concurrently by the Company and its parent company, a subsidiary, or a subsidiary of the same parent company in accordance with the Act or local laws.) (7) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country). (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. (However, it is not applicable in cases where the specified company or institution holding more than 20% but less than 50% of total number of issued shares of the Company, and the person is an independent director of the parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT$500,000, or a spouse thereof provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	

		(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company (11) Not under any of the categories stated in Article 30 of the Company Law. (12) Not a government agent, juristic person or its representative as defined in Article 27 of the Company Act.	

Note 1: Professional qualifications and experience: Please state the professional qualifications and experience of individual director and supervisor. If he or she is a member of Audit Committee and has background in accounting or finance, please state his or her background in accounting or finance as well as work experience in addition to whether under any of the circumstances set forth in Article 30 of the Company Act.

Note 2: Independence status of an independent director shall be stated, which includes but not limited to whether the independent director, his spouse, or relative within the second degree of kinship is a director, supervisor or employee of the Company or any of its affiliates; the number and percentage of the Company's shares held by the independent director, his or her spouse,relative within second degree of kinship (or held under others' names); whether he or she is a director, supervisor, or employee of a specified company or institution that has a relationship with the Company (referring to subparagraphs 5~8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amount of compensation received for being a professional individual who provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.

II. Board diversity and Independence:

(I) Board diversity policy:

Pursuant to the Company's "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies," the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, etc.; it is advisable that the number of female directors account for at least one-third of all the directors.
2. Professional knowledge and skills: A professional background, professional skills, and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The Company's current Board of Directors consists of 9 directors, including 3 independent directors. Each of them is specialized in the professional sectors including law, finance and accounting, industrial knowledge, leadership and decision-making, and business administration, etc.

- There are 22% of directors being the employees of the Company. The number of independent directors accounts for 33% of the board members,
- where 11% is female and 89% is male.
- There is one independent director who has 3-9 years of experience serving as an independent director, and the remaining two independent directors have more than 9 years of relevant experience.
- Five directors are in the age range of 61-70 years old and four directors are in the range of 51-60 years old.

Status of the policy of diversity for the formation of our Board of Directors:

Core items under diversity / Members of the Board of Directors	Nationality	Gender	Serve as the Company's employee concurrently	Years of experience serving as an independent director			Age		Business management and operational judgments.	Finance and accounting	Crisis management	Industry knowledge	An international market perspective	Leadership and decision-making
				Less than 3 years	3~9 years	9 years and above	51~60 years old	61~70 years old						
Ko, Chang-Lin	R.O.C.	Male						✓	✓		✓	✓	✓	✓
Chen, Steve	R.O.C.	Male	✓					✓	✓		✓	✓	✓	✓
Kuo, Scott	R.O.C.	Male	✓				✓		✓		✓	✓	✓	✓
Liu, Fang-Sheng	R.O.C.	Male						✓	✓		✓	✓	✓	✓
Tsai, Chang-Shou	R.O.C.	Male						✓	✓	✓	✓	✓	✓	✓
Li, Tu-Cheng	R.O.C.	Male					✓		✓		✓	✓	✓	✓
Hsu, Mei-Fang	R.O.C.	Female				✓	✓		✓	✓	✓	✓	✓	✓
Kao, Chin-Cheng	R.O.C.	Male				✓	✓		✓		✓	✓	✓	✓
Liao, Da-Ying	R.O.C.	Male			✓			✓	✓		✓	✓	✓	✓

Specific goals and implementation status of board diversity policy:

Specific goals	Implementation status
Directors concurrently serving as company officers shall not exceed one-third of the total number of the board members	Achieved
There shall be at least one female board member.	Achieved
Adequate and diverse professional knowledge and skills	Achieved

(II) Board Independence:

(1) The Company's current Board of Directors consists of 9 directors, including 3 independent directors who consist 33% of the board members.

(2) All member of the Board of Directors are in compliance with subparagraphs 3 and 4, paragraph 3, Article 26 of the Securities and Exchange Act. The Company's board of directors is independent, and please refer to Pages 10~12- Information on professional qualifications of directors and independence status of independent directors, Pages 8~9 for Information on directors.

(IV) Information concerning the president, vice presidents, assistant vice presidents, and department and branch managers:

April 30, 2024 Unit: share; %

Job title	Nationality	Name	Gender	Election (On-board) Date	Shareholding		Current Shares Held by Spouse of Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Concurrent positions held in other companies	Managers Within the Second Degree of Kinship			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Job title	Name	Relationship	
President	R.O.C.	Scott Kuo	Male	June 15, 2010	396,037	0.42%	0	0.00%	0	0.00%	Academic degree: University of South Florida, Department of Mechanical Engineering, Master Program Major experience: Mechanical and Systems Research Laboratories, Industrial Technology Research Institute	Director of Chain-Logic International Corp. Supervisor of MPI Investment Co., Ltd. Chairman of Allstron Corporation Chairman of Lumitek (Changchou) Co. Ltd.	N/A	N/A	N/A	N/A
Vice President of the Equipment Operations Center	R.O.C.	Fan, Wei-Ju	Male	July 1, 2008	75,034	0.08%	244	0.00%	0	0.00%	Academic degree: National Chiao Tung University, the Institute of Electrical and Control Engineering Major experience: Mechanical and Systems Research Laboratories, Industrial Technology Research Institute	N/A	N/A	N/A	N/A	N/A
Vice President of the Marketing Department	R.O.C.	Liu, Yung-Chin	Male	June 20, 2011	15,211	0.02%	0	0.00%	0	0.00%	Academic degree: PhD, National Cheng Kung University, Department of Aeronautics and Astronautics Major experience: Mechanical and Systems Research Laboratories, Industrial Technology	Director of Allstron Corporation	N/A	N/A	N/A	N/A

Job title	Nationality	Name	Gender	Election (On-board) Date	Shareholding		Current Shares Held by Spouse of Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Concurrent positions held in other companies	Managers Within the Second Degree of Kinship			Remarks
					Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding			Job title	Name	Relationship	
											Research Institute					
Finance Officer Corporate Governance Officer	R.O.C.	Tang, Fu-Ping	Male	May 7, 2019	0	0.00%	0	0.00%	0	0.00%	Academic degree: Graduate Institute of Banking and Finance, National Chung Cheng University (PHD) Major experience: G-TECH Optoelectronics Corporation	N/A	N/A	N/A	N/A	N/A
Accounting officer	R.O.C.	Rose Jao	Female	March 9, 2007	47,251	0.05%	0	0.00%	0	0.00%	Academic degree: Mingshin University of Technology and Science, Department of Business Administration Major experience: Topco Quartz products Co., Ltd.	Supervisor of Chain-Logic International Corp. Supervisor of Allstron Corporation Supervisor of Lumitek (Changchou) Co. Ltd. Supervisor of MPI Corporation (Suzhou)	N/A	N/A	N/A	N/A
Deputy Director of the Southern Manufacturing Division	R.O.C.	Wang, Jian-Ming	Male	November 14, 2016	5,000	0.01%	0	0.00%	0	0.00%	Academic degree: Department of Mechanical Engineering, Nanya Institute of Technology Major experience: Yi Jia Industrial	N/A	N/A	N/A	N/A	N/A
Information Security Officer	R.O.C.	Fan, Wen-Cheng	Male	March 10, 2023	0	0.00%	0	0.00%	0	0.00%	Education:Master’s in Information Management, University of Sheffield Experience: Applied Materials Taiwan	N/A	N/A	N/A	N/A	N/A

III. Remuneration to directors, general manager and vice presidents of the Company in the most recent year

1. Remuneration to directors and independent directors

December 31, 2023 Unit: NTD thousand

Job title	Name	Remuneration to directors: Remuneration (A) – The Company	Remuneration (A) – All companies included into the financial statements.	Pension (B) – The Company	Pension (B) – All companies included into the financial statements.	Remuneration to directors (C) – The Company	Remuneration to directors (C) – All companies included into the financial statements.	Expenses and perquisites (D) – The Company	Expenses and perquisites (D) – All companies included into the financial statements.	Sum of A, B, C, and D and ratio of the sum to net profit after tax – The Company	Sum of A, B, C, and D and ratio of the sum to net profit after tax – All companies included into the financial statements.	Remuneration in the capacity as employees: Salaries, bonus and special subsidies (E) – The Company	Salaries, bonus and special subsidies (E) – All companies included into the financial statements.	Pension (F) – The Company	Pension (F) – All companies included into the financial statements.	Remuneration to employees (G) – The Company – Cash dividends	Remuneration to employees (G) – The Company – Stock dividends	Remuneration to employees (G) – All companies included into the financial statements. – Cash dividends	Remuneration to employees (G) – All companies included into the financial statements. – Stock dividends	Sum of A, B, C, D, E, F and G and ratio of the sum to net profit after tax – The Company	Sum of A, B, C, D, E, F and G and ratio of the sum to net profit after tax – All companies included into the financial statements.	Remuneration from investees beyond subsidiaries or parent company
Chairman	Representative of MPI Investment Co., Ltd.: Ko, Chang-Lin	0	0	0	0	23,109	23,109	0	0	23,109 1.76%	23,109 1.76%	18,055	18,055	216	216	2,882	0	2,882	0	44,262 3.37%	44,262 3.37%	N/A
Director	Representative of MPI Investment Co., Ltd.: Steve Chen																					
Director	Representative of MPI Investment Co., Ltd.: Scott Kuo																					
Director	Li, Tu-Cheng																					
Director	Liu, Fang-Sheng																					
Director	Tsai, Chang-Shou																					
Independent director	Hsu, Mei-Fang	0	0	0	0	11,554	11,554	0	0	11,5540. 88%	11,554 0.88%	0	0	0	0	0	0	0	0	11,554 0.88%	11,554 0.88%	N/A
Independent director	Kao, Chin-Cheng																					
Independent director	Liao, Da-Ying																					

1. Please state the policies, systems, standards, and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors: The remunerations to the Company's independent directors are reviewed by Remuneration Committee according to the Articles of Incorporation, by taking into consideration their level of participation and contribution to the operation of the Company with reference to domestic and international industry standard, and shall be discussed and resolved by the Board of Directors.
2. In addition to disclosed above, compensation paid to directors for services provided, such as advisory service provided not as an employee to parent company/ companies included in the financial statements/investees: None.
3. The retirement pension refers to the contribution provided by the Company.

Breakdown of Remuneration

<table>
<tr><td rowspan="3">Breakdown of remuneration paid to each director</td><td colspan="4">Name of Director</td></tr>
<tr><td colspan="2">The sum of (A+B+C+D)</td><td colspan="2">The sum of (A+B+C+D+E+F+G)</td></tr>
<tr><td>The Company</td><td>All companies included in the financial statements (H)</td><td>The Company</td><td>All companies included in the financial statement (I)</td></tr>
<tr><td>Below 1,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>1,000,000 (inclusive) ~ 2,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>2,000,000 (inclusive) ~ 3,500,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">3,500,000 (inclusive) ~ 5,000,000 (exclusive)</td><td>Directors:
Representative of MPI Investment Co., Ltd.: Ko, Chang-Lin
Representative of MPI Investment Co., Ltd.: Steve Chen
Representative of MPI Investment Co., Ltd.: Scott Kuo
Li, Tu-Cheng; Liu, Fang-Sheng; Tsai, Chang-Shou</td><td>Directors:
Representative: Ko, Chang-Lin
Representative of MPI Investment Co., Ltd.: Chen, Steve
Representative of MPI Investment Co., Ltd.: Scott Kuo
Li, Tu-Cheng; Liu, Fang-Sheng; Tsai, Chang-Shou</td><td>Directors:
Representative of MPI Investment Co., Ltd.: Ko, Chang-Lin
Li, Tu-Cheng; Liu, Fang-Sheng; Tsai, Chang-Shou</td><td>Directors:
Representative of MPI Investment Co., Ltd.: Ko, Chang-Lin
Li, Tu-Cheng; Liu, Fang-Sheng; Tsai, Chang-Shou</td></tr>
<tr><td>Independent directors: Hsu, Mei-Fang, Kao, Chin-Cheng, and Liao, Da-Ying</td><td>Independent directors: Hsu, Mei-Fang, Kao, Chin-Cheng, and Liao, Da-Ying</td><td>Independent directors: Hsu, Mei-Fang, Kao, Chin-Cheng, and Liao, Da-Ying</td><td>Independent directors: Hsu, Mei-Fang, Kao, Chin-Cheng, and Liao, Da-Ying</td></tr>
<tr><td>5,000,000 (inclusive) ~ 10,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>10,000,000 (inclusive) ~ 15,000,000 (exclusive)</td><td></td><td></td><td>Directors:
Representative of MPI Investment Co., Ltd.: Scott Kuo</td><td>Directors:
Representative of MPI Investment Co., Ltd.: Scott Kuo</td></tr>
<tr><td>15,000,000 (inclusive) ~ 30,000,000 (exclusive)</td><td></td><td></td><td>Directors:
Representative of MPI Investment Co., Ltd.: Steve Chen</td><td>Directors:
Representative of MPI Investment Co., Ltd.: Steve Chen</td></tr>
<tr><td>30,000,000 (inclusive) ~ 50,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>50,000,000 (inclusive) ~ 100,000,000 (exclusive)</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$100,000,000 or more</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td>9 persons</td><td>9 persons</td><td>9 persons</td><td>9 persons</td></tr>
</table>

(2) Remuneration to general manger and vice presidents

December 31, 2023 Unit: NTD thousand

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonus and Special allowance (C)</th><th colspan="4">Remuneration to employees (D)</th><th colspan="2">Sum of A, B, C, and D and ratio of the sum to net profit after tax (%)</th><th rowspan="3">Remuneration from investees beyond subsidiaries or parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included into the financial statements.</th><th rowspan="2">The Company (Note 1)</th><th rowspan="2">All companies included into the financial statements.</th><th rowspan="2">The Company</th><th rowspan="2">All companies included into the financial statements.</th><th colspan="2">The Company</th><th colspan="2">All companies included into the financial statements.</th><th rowspan="2">The Company</th><th rowspan="2">All companies included into the financial statements.</th></tr>
<tr><th>Cash dividends</th><th>Stock dividends</th><th>Cash dividends</th><th>Stock dividends</th></tr>
<tr><td>President</td><td>Scott Kuo</td><td rowspan="3">8,343</td><td rowspan="3">8,343</td><td rowspan="3">322</td><td rowspan="3">322</td><td rowspan="3">4,604</td><td rowspan="3">4,604</td><td rowspan="3">545</td><td rowspan="3">0</td><td rowspan="3">545</td><td rowspan="3">0</td><td rowspan="3">13,814
1.05%</td><td rowspan="3">13,814
1.05%</td><td rowspan="3">N/A</td></tr>
<tr><td>Vice President</td><td>Fan, Wei-Ju</td></tr>
<tr><td>Vice President</td><td>Liu, Yung-Chin</td></tr>
</table>

Note: The retirement pension refers to the contribution provided by the Company.

Breakdown of Remuneration

Breakdown of remuneration paid to each president and vice president	Names of president and vice president: The Company	Names of president and vice president: All companies included in the financial statements (E)
Below 1,000,000		
1,000,000 (inclusive) ~ 2,000,000 (exclusive)		
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Fan, Wei-Ju; Liu, Yung-Chin	Fan, Wei-Ju; Liu, Yung-Chin
3,500,000 (inclusive) ~ 5,000,000 (exclusive)		
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Scott Kuo	Scott Kuo
10,000,000 (inclusive) ~ 15,000,000 (exclusive)		
15,000,000 (inclusive) ~ 30,000,000 (exclusive)		
30,000,000 (inclusive) ~ 50,000,000 (exclusive)		
50,000,000 (inclusive) ~ 100,000,000 (exclusive)		
NT$100,000,000 or more		
Total	3 persons	3 persons

(III) Name of managers who received compensation to employees and distribution status:

December 31, 2023 Unit: NTD thousand

Job title		Name	Stock dividends	Cash dividends	Total	Proportion to Earnings After Tax (%)
Manager	President	Scott Kuo	0	1,039	1,039	0.08%
	Vice President	Fan, Wei-Ju				
	Vice President	Liu, Yung-Chin				
	Finance Officer Corporate Governance Officer	Tang, Fu-Ping				
	Accounting officer	Rose Jao				
	Manager of the Branch Office	Wang, Jian-Ming				

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the standalone financial reports or individual financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

Unit: NTD thousand

Item / Job title	The Company				Companies included into the consolidated financial statement			
	2022		2023		2022		2023	
	Total	As a percentage of net income	Total	As a percentage of net income	Total	As a percentage of net income	Total	As a percentage of net income
Remuneration to directors	47,825	3.94%	55,816	4.25%	47,825	3.94%	55,816	4.25%
Remuneration to the President and vice presidents	11,288	0.93%	13,814	1.05%	11,288	0.93%	13,814	1.05%
Net income	1,213,625	-	1,311,899		1,213,625	-	1,311,899	

Remark: The total remuneration to directors in 2023 was up from 2022 mainly due to the increase in net income in 2023, consequently raising the remuneration to directors allocated.

1. The Company allocates the remuneration to directors in accordance with the Articles of Incorporation. Where the Company has an income before tax after the account settlement, it shall allocate no more than 3% thereof as the remuneration to directors. However, profits must first be used to offset cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph. The remuneration shall be reported to the Remuneration Committee and the board of directors for review and then to the shareholders' meeting for approval.

2. The appointment, termination and remuneration of the Company's presidents and vice presidents would be adjusted based on their business performance and reported to the Remuneration Committee for review and approval, and then to the board of directors for approval and implementation. The Company's polices of remuneration vary based on earnings and have nothing to do with future risk.

IV. Status of corporate governance

(I) Operations of the Board

The Board held 8 meetings (A) in 2023. The attendance of directors is listed below:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Representative of MPI Investment Co., Ltd.: Ko, Chang-Lin	8	0	100%	
Director	Representative of MPI Investment Co., Ltd.: Steve Chen	8	0	100%	
Director	Representative of MPI Investment Co., Ltd.: Scott Kuo	8	0	100%	
Director	Li, Tu-Cheng	6	2	75%	
Director	Liu, Fang-Sheng	8	0	100%	
Director	Tsai, Chang-Shou	8	0	100%	
Independent director	Kao, Chin-Cheng	8	0	100%	
Independent director	Hsu, Mei-Fang	8	0	100%	
Independent director	Liao, Da-Ying	8	0	100%	

Attendance of independent directors at each Board of Directors meeting in 2023

◎: In person; ☆: By proxy; ＊: Absent

	1st	2nd	3rd	4th	5th	6th	7th	8th
Kao, Chin-Cheng	◎	◎	◎	◎	◎	◎	◎	◎
Hsu, Mei-Fang	◎	◎	◎	◎	◎	◎	◎	◎
Liao, Da-Ying	◎	◎	◎	◎	◎	◎	◎	◎

Other notes:

I. If any of the following is applicable to the operation of the Board, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act: Refer to the important resolutions of the Board of Directors' meetings on Pages 40~41.

(II) Any other documented objections or qualified opinions raised by independent director against board resolution in relation to matters other than those described above: Refer to the important resolutions of the Board of Directors' meetings on Pages 34~35.

II. The recusal of the Directors from motions that involved a conflict of interest. Specify the names of the Directors, the content of the motions, and reason for recusal, and the participation in voting: Not applicable.

III. Status of the Self-Performance Evaluation for the Board of Directors, Board Members, Audit Committee Members and Remuneration Committee Members:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Once per year	January 1, 2023-December 31, 2023	Board of Directors	Board of Directors Internal Self-Evaluation	1. Participation in the Company's operation 2. Improvement of the Board decision-making quality 3. Composition and structure of the Board 4. Election and continuing

				education of directors 5. Internal control
Once per year	January 1, 2023-December 31, 2023	Board members	Board members Internal Self-Evaluation	1. Alignment with the goals and mission of the Company 2. Knowledge of the directors' duties 3. Participation in the Company's operation 4. Management of internal relationship and communication 5. Professionalism and continuing education of directors 6. Internal control
Once per year	January 1, 2023-December 31, 2023	Audit Committee	Audit Committee Internal Self-Evaluation	1. Participation in the Company's operation 2. Knowledge of Audit Committee's duties 3. Improvement of the Audit Committee's decision-making quality 4. Composition and member election of the Audit Committee 5. Internal control
Once per year	January 1, 2023-December 31, 2023	Remuneration Committee	Remuneration Committee Internal Self-Evaluation	1. Participation in the Company's operation 2. Knowledge of Remuneration Committee's duties 3. Improvement of the Remuneration Committee's decision-making quality 4. Composition and member election of the Remuneration Committee

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of the Audit Committee, and improvement of information transparency etc.), and the progress of such enhancements:

(I) The Company defined its "Parliamentary Rules for Directors' Meeting" in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, and would also enter the status of directors' attendance into the Market Observation Post System (MOPS) and disclose the important resolutions made by the directors' meeting on the Company's website.

(II) The Company established the Remuneration Committee on December 30, 2011. The Committee should evaluate the Company's policies and systems of remuneration to directors and managers, in a professional and optimistic manner, and should submit suggestions to the Board of Directors as the reference for decision-making.

(III) The Company has established the Audit Committee on June 15, 2020. The Audit Committee consists of 3 independent directors who should meet at least once per quarter, responsible for the fair presentation of the Company's financial statements, external auditor's independence, effective implementation of internal control, compliance with laws & rules, and assessment and control over the Company's risk.

(II) Audit Committee's operations:

The Company's Audit Committee consists of 3 independent directors. The Committee aims to help the Board of Directors perform the supervision on quality and ethics of the Company's execution of the accounting, auditing, financial and reporting procedures, and financial controls. The Audit Committee is responsible for reviewing the matters including:

1. Financial statements.
2. Audit and accounting policies and procedures.
3. Internal control system-related policies and procedures.
4. Important assets or transactions of derivative instruments.
5. Important loans and endorsements or guarantees.
6. Offering or issuance of securities.
7. Financial derivatives and investment in cash.
8. Compliance.
9. Whether managers and directors engage in transactions with related parties, and potential conflict of interest.
10. Report on complaints.
11. Anti-corruption plan and corruption investigation report.
12. Information security.
13. Corporate risk management.
14. Qualification & experience, independence and performance evaluation of external auditors.
15. Appointment or dismissal of, or remuneration to, the external auditors.
16. Appointment/dismissal of finance/accounting officers or internal audit officer.
17. Performance of the Audit Committee's duties.
18. Audit Committee's self-performance evaluation questionnaire

Review on financial reports

The Board of Directors has prepared the Company's 2023 Business Report, financial statements and earnings distribution or loss markup proposal. Among which, the financial statements have been audited by Nexia Sun Rise CPAs & Co. with an audit report issued. Said operation review, financial statements and motions for distribution of earnings or covering of loss have been reviewed by the Audit Committee and found to have no inconsistencies.

Evaluation on effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of policies and procedures about the Company's internal control system (including finance, operation, risk management, information security, contract award and compliance control policies), and also reviewed the Company's Audit Dept. and external auditors, in addition to the management's periodic reports, including risk management and compliance reports. By reference to the Internal Control-Integrated Framework released by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believed that the Company's risk management and internal control system should be held effective. The Company has also adopted necessary control mechanism to supervise and correct any misconduct.

The Audit Committee held 8 meetings (A) in 2023. The attendance of independent directors is listed below:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)(Note)	Remarks
Independent director (Convenor)	Hsu, Mei-Fang	8	0	100%	
Independent director	Kao, Chin-Cheng	8	0	100%	
Independent director	Liao, Da-Ying	8	0	100%	

Other notes:

1. The Audit Committee meeting date, session, proposal content, content of any objection, reservation or major suggestion expressed by independent directors, the results of the Audit Committee's resolutions, and the Company's actions in response to the Audit Committees' opinions shall be specified if any of the following occurred.

   (1) The circumstances referred to in Article 14-5 of the Securities and Exchange Act:

Date of Board Meeting	Date of Audit Committee meeting	Proposal content and subsequent actions taken	Result of Audit Committee's resolution	The Company's response to the Audit Committee's opinions
25th meeting of 9th term on January 16, 2023	24th meeting of 1st term on January 16, 2023	No discussion matter.	N/A	N/A
26th meeting of 9th term on March 10, 2023	25th meeting of 1st term on March 10, 2023	1. 2022 Business Report and financial statements	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		2. Proposal of amendments to the Company's "Parliamentary Rules for Directors' Meetings."	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		3. Proposal of amendments to the Company's "Sustainable Development Best Practice Principles".	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		4. Proposal of amendments to the Company's "Corporate Governance Best-Practice Principles".	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		5. Proposal of the amendments to the Company's "Regulations Governing Supervision of Subsidiaries."	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		6. Proposal to adopt the Company's "Procedures for the Self-assessment of Internal Control	Approved by all of the Audit Committee members	Unanimously approved by all directors present

		System”.		
		7. Proposal to adopt the Company’s “Regulations Governing Financial and Non-financial Information”.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		8. Discussion on the 2022 Declaration of Internal Control System.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
27th meeting of 9th term on April 10, 2023	26th meeting of 1st term on April 10, 2023	1. Proposal to acquire the land and plant at Hukou Industrial Zone.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
28th meeting of 9th term on May 11, 2023	27th meeting of 1st term on May 11, 2023	1. Report on the Company’s financial statements for the first quarter of 2023.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		2. Proposal to dispose of the shares (including BH equipment) of Megtas Co., Ltd., the subsidiary in Korea.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
1st meeting of 10th term on June 15, 2023	1st meeting of 2nd term on June 15, 2023	1. Election of the convenor of the 2nd Audit Committee.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
2nd meeting of 10th term on August 10, 2023	2nd meeting of 2nd term on August 10, 2023	1. Report on the Company’s financial statements for the second quarter of 2023.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
3rd meeting of 10th term on November 9, 2023	3rd meeting of 2nd term on November 9, 2023	1. Report on the Company’s financial statements for the third quarter of 2023.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		2. Discussion on the Company’s 2024 Internal Audit Plan.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		3. Proposal to adopt the Company’s “Regulations for Appointing External Auditors”.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
		4. Proposal of amendments to the Company’s “Procedures for Handling Requests Made by Directors”.	Approved by all of the Audit Committee members	Unanimously approved by all directors present
4th meeting of 10th term on November 23, 2023	4th meeting of 2nd term on November 23, 2023	1. TCS technology transfer agreement.	Approved by all of the Audit Committee members	Unanimously approved by all directors present

(2) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

II. The recusal of the Independent Directors from motions that involved a conflict of interest. Specify the names of the Independent Directors, contents of the motions, and reason for recusal, and the participation in voting: None.

III. Communication between Independent Directors and internal audit officer/external auditors (e.g. discussions concerning the Company's financial and business affairs, the method of communication used, and the outcome):

(1) The Company convenes the Audit Committee meeting periodically, and invites external auditors, finance officer, accounting officer, internal audit officer and related supervisors to attend the meeting, if necessary.

(2) The internal audit officer submits the audit summary report to the Audit Committee periodically according to the annual audit plan. The Audit Committee also conducts the performance evaluation on the Company's internal control system, internal auditors and their work.

(3) The Audit Committee communicates with the Company's external auditors with respect to the results about audit or review on the quarterly financial statements and any other matters required by related laws and regulations periodically each year.

Note 1: Where any independent director resigns from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks" Section. His/her actual attendance rate (%) to the Audit Committee meeting shall be calculated on the basis of the number of meetings called by the Audit Committee and actual number of meetings he/she attended, during his/her term of office.

Note 2: If there was an election of new independent directors before the end of the fiscal year, fill in the information on the former and the new independent directors and specify if the independent directors are discharged, newly elected or re-elected, and the date of the election. His/her actual attendance rate (%) to the Audit Committee meeting shall be calculated on the basis of the number of meetings called by the Audit Committee and actual number of meetings he/she attended, during his/her term of office.

(III) Status of Corporate Governance, and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies, and reasons thereof:

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Whether the Company has established rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies?	✓		The Company has established its rules of corporate governance in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies," and disclosed the same on the Company's website and MOPS.	N/A
II. Equity structure and shareholders' equity				
(I) Whether the Company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	✓		The Company has defined its parliamentary rules for shareholders' meeting, and also established the spokesman and deputy spokesman systems as required. The Company appointed dedicated personnel to deal with the investors relation and issues related to shareholders. The contact No. and email address may be viewed in the investor section on the Company's website.	N/A
(II) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	✓		The Company appointed a shares registrar, and would update the roster of shareholders periodically to control the name list of parties who control the Company's equity ultimately.	N/A
(III) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	✓		The Company has defined such control system as "Regulations Governing Supervision of Subsidiaries" and "Regulations Governing Transactions Between Specific Company Group and Related Party."	N/A
(IV) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	✓		The Company has adopted the "Rules for the Prevention of Insider Trading", prohibiting insiders from trading securities using information not disclosed to the market. In 2023, the Company held 8 board meetings and notified directors and officers about the meeting date and quarterly financial statements while at the same time reminding directors that they are prohibited from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports to prevent directors and insiders from violating these Rules.	N/A
III. The organization of Board of Directors and its duties:				

<table>
<tr><th rowspan="2">Items under evaluation</th><th colspan="3">Status</th><th rowspan="2">Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(I) Does the Board of Directors establish a diversity policy, set specific goals, and implement them accordingly?</td><td>✓</td><td></td><td>Please refer to Pages 12-13 of this Annual Report for the diversity policy, specific goals and implementation of the board members.</td><td>N/A</td></tr>
<tr><td>(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</td><td>✓</td><td></td><td>The Company has not yet established any other functional committees.</td><td>N/A</td></tr>
<tr><td>(III) Has the Company established a set of policies and assessment tools to evaluate the Board’s performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?</td><td>✓</td><td></td><td>The Company’s “Regulations Governing the Board of Directors’ Self (or Peer) Evaluation”, adopted by the Board of Directors on January 14, 2020, have stipulated the evaluation to be implemented by means of self-assessment. The self performance assessments of the Board of Directors, Board members, the Audit Committee and the Remuneration Committee for 2023 were reported to the Board of Directors on March 7, 2024.
<table>
<tr><th>Scope of Evaluation</th><th>Performance assessment of the Board of Directors</th><th>Performance assessment of Board members</th><th>Performance assessment of the Audit Committee</th><th>Performance assessment of the Remuneration Committee</th></tr>
<tr><td>Self-assessment indicators</td><td>23 indicators</td><td>16 indicators</td><td>16 indicators</td><td>12 indicators</td></tr>
<tr><td>Score</td><td>4.97 points</td><td>4.94 points</td><td>4.98 points</td><td>4.94 points</td></tr>
</table>Note: self-assessment indicator and score: 1 very dissatisfied; 2 dissatisfied; 3 neutral; 4 satisfied; 5 very satisfied.</td><td>N/A</td></tr>
<tr><td>(IV) Does the Company have the independence of the public accountant evaluated regularly?</td><td>✓</td><td></td><td>The Company’s Audit Committee evaluates the external auditors’ independence and competency on an annual basis and requires the external auditors to provide the “Declaration of Independence”, and the evaluation result is subsequently reported to the Board of Directors. The latest evaluation was passed by the Audit Committee on March 7, 2024 and raised to and approved by the Board of Directors on the same date.
The Company’s criteria used in assessing the independence of the external auditors are as follows:
<table>
<tr><th>Criterion</th><th>Score</th></tr>
<tr><td>There is not a relationship of investment or sharing of financial interest between the external auditor and the Company.</td><td>Yes</td></tr>
<tr><td>The external auditor has not lent or borrowed funds to or from the Company.</td><td>Yes</td></tr>
<tr><td>The accounting firm has not issued an assurance report on the effectiveness of the operation on the</td><td>Yes</td></tr>
</table></td><td>N/A</td></tr>
</table>

<table>
<tr><th rowspan="2">Items under evaluation</th><th colspan="3">Status</th><th rowspan="2">Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>Company’s financial systems which were designed or implemented assist by the firm before.</td><td></td></tr>
<tr><td>The external auditor is not, or has not been in a position to exert significant influence over the Company within the last two years.</td><td>Yes</td></tr>
<tr><td>The non-assurance service which performed by the fir for the Company would not affect directly a material item of the assurance engagement.</td><td>Yes</td></tr>
<tr><td>The external auditor or members of the engagement team do not hold any shares or other securities issued by the Company.</td><td>Yes</td></tr>
<tr><td>The external auditor and members of the engagement team do not have a close or immediate family member who is a director or officer of the Company who is in a position to exert significant influence.</td><td>Yes</td></tr>
<tr><td>The external auditor is not currently employed by the Company to perform routine work for which he or she has a fixed salary, or currently serves as a director thereof.</td><td>Yes</td></tr>
<tr><td>The external auditor has not performed assurance service for the Company for seven consecutive years.</td><td>Yes</td></tr>
</table></td><td></td></tr>
<tr><td>IV. Whether the Company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of the Board of Directors meetings and shareholders’ meetings, and preparation of board meeting and shareholders’ meeting minutes, et al.)?</td><td>✓</td><td></td><td>The Corporate Governance Officer of the Company, appointed by the Board of Directors on March 10, 2023, is responsible for corporate governance affairs, including at least the following items:
(1) Handling matters relating to board meetings and shareholders meetings according to laws.
(2) Producing minutes of board meetings and shareholders meetings.
(3) Assisting in onboarding and continuous development of directors.
(4) Furnishing information required for business execution by directors.
(5) Assisting directors with legal compliance.
(6) Reporting the review result of whether the qualifications of independent directors have complied with relevant laws at the time of nomination and election and during his or her term of office to the Board of Directors.
(7) Handling matters related to changes to directors.
(8) Other matters set out in the Articles of Incorporation or contracts.
The Company’s implementation of corporate governance in 2023:
(1) 8 Board of Directors’ meetings, 8 Audit Committee’s meetings and 4 Remuneration Committee’s meetings were held in 2023.</td><td>N/A</td></tr>
</table>

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
			(2) 1 annual general meeting was held in 2023. (3) 6 hours of continuing education course were arranged for directors in 2023. (4) Report on whether the professional qualifications and independence of independent directors have complied with relevant laws was made to the Board of Directors. (5) Self-assessments of the Board of Directors and functional committees were carried out, and the evaluation result was reported in the Board of Directors' meeting on March 7, 2024.	
V. Has the Company established channels for communications with the stakeholders (including but not limiting to shareholders, employees, customers, and suppliers), and set up a section for stakeholders at the official website of the Company with proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	✓		The Company has set up the stakeholder section on the Company's website.	N/A
VI. Has the Company commissioned a professional share registration and investor service institution for providing services to shareholders?	✓		The Company has commissioned the professional stock service agent, Share Registration Agency Service Department, Hua Nan Securities, to handle the shareholders' affairs.	N/A
VII. Disclosure of information				
(I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	✓		The Company's stock code is 6223. The status of the Company's finance and corporate governance may be accessed at the MOPS, and on the website established by the Company at http://www.mpi.com.tw.	N/A
(II) Whether there are other means for disclosure adopted by the Company (e.g. set up a English website, with the personnel	✓		The website established by the Company provides the English version. The Company has also delegated the spokesman and deputy spokesman to collect and disclose the Company's	N/A

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
dedicated to gathering and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes with institutional investors on the Company website)?			information, to fulfill the spokesman system.	
(III) Whether the Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?	✓		The Company announced and reported the annual financial report and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit.	N/A
VIII. Other important information facilitating understanding of the functioning of corporate governance (including but not limited to, the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the Company for directors and supervisors)?	✓		(1) The Company defines its work rules in accordance with the relevant laws and regulations, which provide written provisions about protection of human rights and employee's interest and right. Meanwhile, the Company will maintain the reciprocal cooperation relationship with suppliers and customers trading with the Company. (2) The Company has defined the corporate governance best-practice principles and handle relative affairs per the principles. (3) The Company's directors are able to perform their duties honestly and exercise their powers as good administrators. (4) The Company has purchased liability insurance for directors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies." For the relevant information, please visit the MOPS. (5) In order to enhance the corporate governance, the Company's Board of Directors will call a meeting at least once per quarter. (6) The status of continuing education of directors is disclosed at the MOPS(http://newmops.tse.com.tw)	N/A

<table>
<tr><th rowspan="2">Items under evaluation</th><th colspan="3">Status</th><th rowspan="2">Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">IX. Response to the corporate governance evaluation result released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and further effort shall be made on matters for improvement but still unaccomplished: The Company will spare no efforts to show the determination of sustainable operation in all aspects, and also continue to exercise the corporate social responsibility of ethical management and take responsibility of long-term sustainable operation for the stakeholders and society.</td></tr>
</table>

(IV) Where the Company has established the Remuneration Committee or Nomination Committee, its composition and operation shall be disclosed.

1. Information about remuneration committee members

April 30, 2024

<table>
<tr><th>Identity (Note 1)</th><th>Qualification / Name</th><th>Professional qualifications and experience (Note 2)</th><th>Independence status (Note 3)</th><th>Number of public companies where the person holds the title as Remuneration Committee member</th></tr>
<tr><td>Independent director (Convenor)</td><td>Kao, Chin-Cheng</td><td>For details, please refer to Information on directors (1) on Pages 9- 10 of the Annual report.</td><td rowspan="3">(1) Not an employee of the Company or its affiliates.
(2) Not a director or supervisor of the Company or its affiliates
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3).
(5) Not a Director, Supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 institutional shareholders of the Company, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of</td><td>1</td></tr>
<tr><td>Independent director</td><td>Hsu, Mei-Fang</td><td>For details, please refer to Information on directors (1) on Pages 9- 10 of the Annual report.</td><td>N/A</td></tr>
<tr><td>Others</td><td>Su, Hsien-Teng</td><td>He holds a PhD in law degree from National Cheng Kung University and has more than 5 years of work experience in commerce and law and experience necessary for company operation.
He has more than 5 years of experience as an attorney and has passed a national examination and been awarded a certificate.
He is currently the attorney-at-law of Hui Lin Law Office with professional knowledge in laws and familiar with relevant regulations. He provides legal opinions for the Board of Directors with regard to corporate governance and legal compliance of business decisions of the Company helping to mitigate the risk of violation of laws.</td><td>N/A</td></tr>
</table>

			Article 27 of the Company Act. (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company. (7) Not the same person or spouse that designated as directors, supervisors or equivalent position of the Company, or as other company's chairman, general manager and employees. (8) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in business or financial relation with the Company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received the compensation. (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company	

2. Duties of the Remuneration Committee

The Committee is responsible for establishing the remuneration system that can reflect the employees' performance in an independent aspect. The Committee shall exercise its function the Board of Directors gives it to regularly propose the remuneration system or suggestion to the Board of Directors for discussion and resolution.

3. Information about status of Remuneration Committee

(1) The Company's Remuneration Committee consists of three (3) members.

(2) Current term of office: The term of office was from June 15, 2020 to June 14, 2023. The Committee held 4 (A) meetings in 2023.

The qualifications and attendance record of the Committee members is summarized as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attend rate (%) (B/A)	Remark
Independent director (Convenor)	Kao, Chin-Cheng	4	0	100%	
Independent director	Hsu, Mei-Fang	4	0	100%	
Other member	Su, Hsien-Teng	4	0	100%	

Date of Board Meeting	Date of Remuneration Committee Meeting	Proposal content and subsequent actions taken	Result	The Company's handling of the Remuneration Committee members' opinion
18th meeting of 9th term 2023/01/16	10th meeting of 5th term 2023/01/16	Approved 2023 remuneration to officers.	Approved by all of the Committee members	Proposed to the Board meeting and unanimously approved by the present directors
26th meeting of 9th term 2023/03/10	11th meeting of 5th term 2023/03/10	Approved 2022 remuneration to directors and employees.	Approved by all of the Committee members	Proposed to the Board meeting and unanimously approved by the present directors
1st meeting of 10th term 2023/06/15	1st meeting of 6th term 2023/06/15	Election of the convenor of the Remuneration Committee	Approved by all of the Committee members	Proposed to the Board meeting and unanimously approved by the present directors
2nd meeting of 10th term 2023/08/10	2nd meeting of 6th term 2023/08/10	Discussion of 2022 employee remuneration to officers	Approved by all of the Committee members	Proposed to the Board meeting and unanimously approved by the present directors

Other notes:

1. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the board of directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): None.
2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.

Note: (1) Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the 'Remarks" Section. His/her actual attendance rate (%) to the committee meeting shall be calculated on the basis of the number of meetings called and actual number of meetings he/she attended, during his/her term of office.

(2) If there was an election of new members for the Remuneration Committee before the end of the fiscal year, fill in the information on the former and the new members, and specify if the members are newly elected to office or reelected for a second term of office, and the date of the election. His/her actual attendance rate (%) to the committee meeting shall be calculated on the basis of the number of meetings called and actual number of meetings he/she attended, during his/her term of office.

(3) Functions of the Remuneration Committee:

The Remuneration Committee shall implement the following functionality faithfully and submit the proposed motions to the Board of Directors for discussion to fulfill the duty of care as a good administrator:

① Review the Company's compensation policies periodically and propose suggestions about amendments thereto.

② Stipulate and review regularly the performance evaluation on, and policies, systems, standards and structures of remuneration to the Company's directors and managers.
③ Regularly evaluate the salary and remuneration of the Company's directors and managers.

4. Other important information relevant to the understanding of actual corporate governance:
   (1) The Company defines its work rules in accordance with the relevant laws and regulations, which provide written provisions about protection of human rights and employee's interest and right. Meanwhile, the Company will maintain the reciprocal cooperation relationship with suppliers and customers trading with the Company.
   (2) The Company has defined the corporate governance best-practice principles and handle relative affairs per the principles.
   (3) The Company's directors are able to perform their duties honestly and exercise their powers as good administrators.
   (4) The Company has purchased liability insurance for directors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies." For the relevant information, please visit the MOPS.
   (5) In order to enhance the corporate governance, the Company's Board of Directors will call a meeting at least once per quarter.
   (6) The status of continuing education of directors is disclosed at the MOPS(http://newmops.tse.com.tw)

(V) Implementation status of the Sustainable Development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons

Item	Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development unit with Board of Directors authorization for senior management, which is supervised by the Board of Directors?	✓		1. The Company established the "ESG Sustainability Committee", chaired by the President, and composed of senior executive officers, in 2022, and the Committee is responsible for monitoring and overseeing the implementation of ESG related matters. It governs the Sustainability Promotion Team, the Corporate Governance Team, the Safety, Environment and Energy Development Team, the Supply Chain Management Team, the Customer Service Team, the Employee Affairs and Social Engagement Team, and the Product R&D and the Process Sustainability Team, individually responsible for planning the operations of environmental, social and governance affairs. 2. In 2023, the ESG Sustainability Committee held 4 meetings to handle matters covering "the establishment of sustainable development regulatory documents", "sustainable development risk management", "survey of stakeholders", "material topics management", and "review of the Sustainability Report", and subsequently reported to the Board of Directors. 3. The Company also reported the "Schedule and Progress of the Greenhouse Gas Inventory and Verification" and the "2023 Sustainable Development Implementation and Stakeholder Communication" to the Board of Directors on January 31, 2024 and March 7, 2024, respectively. The Company's implementation of sustainability and performance thereof are regularly overseen and evaluated by the Management.	N/A
2. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies or strategies?	✓		1. The Company identified material topics and impacts thereof in compliance with the "GRI 3: Material Topics" and reported at the Board of Directors' meeting on November 9, 2023. The scope of materiality and risk management mainly covers the parent company, and the performance in sustainability from January to December 2022 of all of the parent company's business locations in Taiwan was disclosed. In the future, all entities included in the consolidated financial statements will be included into the scope gradually. The Company is expected to report the material topics and impacts identified of the year to the Board of Directors in the third quarter of 2024. 2. In the Sustainability Report, the Company used the materiality analysis approach to conduct internal and external stakeholder	N/A

Item	Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
			communication and surveys, and carried out the impact analysis through the meetings and communication of various internal sustainability implementation teams to identify material ESG topics. It then set the short-, mid- and long-term performance measurement and management approaches for the material topics identified under the supervision of the Board and the ESG Committee. For the related risk assessment result, please refer to https://www.mpi.com.tw/esg/#development.	
III. Environmental issues				
(I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	✓		1. The Company keeps improving its legal compliance and internal control system while handling the environment management-related affairs pursuant to the environmental protection and labor safety laws and regulations. 2. The Company has passed the ISO 14001: 2015 Environmental Management System verification (the certificate is valid until August 31, 2025), covering "environment activities and supporting process related to the design and manufacturing of probe cards and semi-conductor testing equipment; manufacturing of radio-frequency probes; design and manufacturing of temperature equipment; design and manufacturing of advanced semi-conductor testing system." (The environmental activities and supporting processes associated with the design and manufacture of probe cards and semiconductor test equipment and, the manufacture of RF probes and the design and, manufacture of Thermal equipment and, the design and manufacture of Advance Semiconductor Test systems)	N/A
(II) Does the Company endeavor to upgrade the efficient use of available resources, and the use of environmental-friendly materials?	✓		1. The Company continues to recycle various materials and supplies and adopt low-contamination recycled raw materials and packaging materials to reduce the impact on the environment. 2. It maintains the ISO 50001 Energy Management System to increase energy efficiency. The energy saved in the most recent three years (2021-2023) reached nearly 870,000 kWh.	N/A
(III) Whether the Company assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to climate issues?	✓		1. The Company assessed the potential disaster hazard and vulnerability of all of its plants and business locations in Taiwan using the "Disaster Risk Adoption Platform" and analyzed the risk and countermeasures thereof. Some of the plants and business locations are at the potential inundation areas, and the countermeasures have been taken. 2. The greenhouse gas inventory for all plants and business locations in Taiwan of the parent company was completed in 2023, and a greenhouse gas reduction plan has been taken. The Company has increased the strength of important plant facilities, set up the floodgate and	N/A

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>scattered plant locations While adopting the procedures governing emergency responses for safety, environmental and energy matters to address potential effects arising from severe climate changes.</td><td></td></tr>
<tr><td>(IV) Whether the Company discloses the annual greenhouse gas emissions, water consumption and gross weight of waste for the past two years, and adopts policies for greenhouse gas reduction, reduction of water consumption or management policy for other waste?</td><td>✓</td><td></td><td>1. Greenhouse gas emissions (coverage: all plants and business locations of the parent company). The inventory result of 2022 has been verified(Certificate No. bsi GHGEV 795922)
Unit: metric tons CO2e
<table>
<tr><th></th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1</td><td>1,408.4590</td><td>1,427.9531</td></tr>
<tr><td>Scope 2</td><td>17,611.3311</td><td>18,601.9278</td></tr>
<tr><td>Scope 3</td><td>5,833.5215</td><td>7,074.3724</td></tr>
<tr><td>Total</td><td>24,853.3116</td><td>27,104.2533</td></tr>
<tr><td>Intensity (Note)</td><td>3.9781</td><td>4.0179</td></tr>
</table>
Note: Intensity = cubic meters per NT$ million of revenue of the parent company
2. Water consumption (coverage: all plants and business locations of the parent company) - passed the ISO14001: 2015 Environmental Management System Verification (certificate valid until August 31, 2025)
Unit: m^3
<table>
<tr><th></th><th>2022</th><th>2023</th></tr>
<tr><td>All plants in Hsinchu</td><td>144,831.00</td><td>152,371.95</td></tr>
<tr><td>Kaohsiung Plant</td><td>14,811.00</td><td>11,578.99</td></tr>
<tr><td>Total</td><td>159,642.00</td><td>163,950.94</td></tr>
<tr><td>Intensity (Note)</td><td>25.553</td><td>24.304</td></tr>
</table>
Note: Intensity = cubic meters per NT$ million of revenue of the parent company
3. Waste volume (coverage: all plants and business locations of the parent company) - passed the ISO14001: 2015 Environmental Management System Verification (certificate valid until August 31, 2025)
Unit: Tons
<table>
<tr><th></th><th>2022</th><th>2023</th></tr>
<tr><td>General industrial waste</td><td>185.999</td><td>198.778</td></tr>
<tr><td>Hazardous industrial waste</td><td>23.742</td><td>21.783</td></tr>
<tr><td>Total</td><td>209.741</td><td>220.561</td></tr>
<tr><td>Intensity (Note)</td><td>0.03</td><td>0.03</td></tr>
</table>
Note: Intensity = cubic meters per NT$ million of revenue of the parent company
4. In compliance with the ISO 14001, 50001 Environmental and Energy Management Systems, the Company constantly plans the effective control and measurement of</td><td>N/A</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>industrial waste, water consumption and energy. Please refer to https://www.mpi.com.tw/esg/#environment</td><td></td></tr>
<tr><td colspan="5">IV. Social issues</td></tr>
<tr><td>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</td><td>✓</td><td></td><td>The Company defines its work rules in accordance with Article 70 of the Labor Standard Law, and reports the same to the competent authority for approval and disclosure.</td><td>N/A</td></tr>
<tr><td>(II) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?</td><td>✓</td><td></td><td>For the Company's employee benefit measures and implementation thereof, please refer to the annual report (Pages 70~73).</td><td>N/A</td></tr>
<tr><td>(III) Whether the Company provides its employees with a safe and healthy work environment, and regularly implements employee safety and health education measures?</td><td>✓</td><td></td><td>The Company passed the ISO45001 Occupational Safety and Health verification with the certificate valid from 2022/09/01 to 2025/08/31. It regularly organizes the operating environment test, employees' health examination, health symposiums, safety and health education and training, and on-site health inquiry with physician, and also establishes the breastfeeding room, medical room, lounge for employees, and parking lots exclusive for the mother-to-be, in order to provide a working environment that is safe and comfortable and employees are pleased to work at.
Employee occupational safety and health education and training in the past two years:
<table>
<tr><th rowspan="2">Year / Training</th><th colspan="2">2022</th><th colspan="2">2023</th></tr>
<tr><th>Number of class</th><th>Number of person</th><th>Number of class</th><th>Number of person</th></tr>
<tr><td>Occupational safety and health education and training for new employees</td><td>64</td><td>191</td><td>59</td><td>163</td></tr>
<tr><td>Occupational safety and health education and training for incumbent employees</td><td>1</td><td>1,564</td><td>0</td><td>0</td></tr>
<tr><td>Education and training for occupational safety and health personnel</td><td>7</td><td>7</td><td>10</td><td>10</td></tr>
</table></td><td>N/A</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Status</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Education and training for supervisors of hazardous operations</td><td>33</td><td>33</td><td>30</td><td>30</td></tr>
</table>
Note: Occupational safety and health education and training for incumbent employees are provided biannually.
<table>
<tr><th>Year</th><th colspan="2">Disability or injury of employees</th><th>Disability or injury of contractors</th><th>Severe occupational accidents</th><th>Occupational accident rate</th></tr>
<tr><td>2022</td><td>2 incidents</td><td>2 persons</td><td>0</td><td>0</td><td>0.12%</td></tr>
<tr><td>2023</td><td>1 incident</td><td>1 persons</td><td>0</td><td>0</td><td>0.06%</td></tr>
</table>
Note: Occupational accident rate = number of employees/ total number of employees
<table>
<tr><th>Year</th><th>Firefighting drill</th><th>Emergency preparedness for hazardous materials</th><th>Number of fire</th><th>Number of person injured or dead</th><th>Injury or death rate</th></tr>
<tr><td>2022</td><td>2 times</td><td>0 times</td><td>0 incidents</td><td>0 persons</td><td>0%</td></tr>
<tr><td>2023</td><td>2 times</td><td>1 incident</td><td>0 incidents</td><td>0 persons</td><td>0%</td></tr>
</table>
Note: Emergency preparedness for hazardous materials is held biannually.
</td><td></td></tr>
<tr><td>(IV) Has the Company established some effective career development training plan for employees?</td><td>✓</td><td></td><td>The Company organizes the career development training program for employees on a regular basis, please refer to page 71 of this Annual Report for detail.</td><td>N/A</td></tr>
<tr><td>(V) Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labeling and set policies to protect consumers’ or customers’ rights and consumer appeal procedures?</td><td>✓</td><td></td><td>The Company values customers’ satisfaction about various services, and awareness toward corporate identity, brand value and service quality. The Company provides perfect product solutions and various innovative products. Dedicated units are appointed to be responsible for product development & design, production & delivery, or maintenance service, in hopes of providing services as soon as possible.</td><td>N/A</td></tr>
<tr><td>(VI) Whether the Company adopts any specific suppliers’ management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors’ human rights, and how the policy is</td><td>✓</td><td></td><td>The Company conducts the assessment on social and environmental responsibilities of all suppliers and contractors to ensure that the suppliers and contractors comply with laws. Where the suppliers or contractors violate their social and environment responsibilities, the cooperative business relationship between the Company and them will be affected.</td><td>N/A</td></tr>
</table>

Item	Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
implemented?				
V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Whether said report has been assured or guaranteed by a third party certification unit?	✓		1. The Company has prepared the 2022 ESG Sustainability Report in accordance with the GRI and SASB standards https://www.mpi.com.tw/wp-content/uploads/2023/09/2022%E5%B9%B4%E6%97%BA%E7%9F%BD%E7%A7%91%E6%8A%80%E6%B0%B8%E7%BA%8C%E5%A0%B1%E5%91%8A%E6%9B%B8MPI-Sustainability-Report.pdf 2. The 2023 ESG Sustainability Report is scheduled to be filed by August 31, 2024.	It is expected to be completed in the fourth quarter of 2023.
VI. If the Company has established its sustainable development best practice principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the operational status and deviation: None.				

VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development:

The Company initiated the ESG Sustainable Develop Project and the ISO 14064-1 greenhouse gas inventory and verification project in 2022 to address the trend of sustainability and implement sustainability in the Company. For strengthening the management of employee ethical risk, it has adopted the "Regulations for Evaluating Employee and Ethical Risk" to improve the internal control for employee ethics and integrity.

The Company has been active in participating in sustainable finance in support of environment, society, finance, corporate governance and sustainability. In March 2023, it deposited over NT$100 million in the "Green and Sustainability NTD Time Deposit," which will be used for green investments in renewable energy and green building finance, and social benefit investments in balancing urban and rural development, disadvantaged group care, and education and medical facilities construction.

Donation to public welfare groups in 2023:

Item No.	Donee	Donation
1	World Peace Association	324,000
2	Alumni Association of ITRI	200,000
3	Chinese Fund for Children and Families/Taiwan	180,000
4	Little Sapling Association	100,000
5	Friends of the Police Association, Special Police Sixth Headquarters Branch	100,000
6	Hsinchu City Symphonic Band	100,000
7	Hsinchu County Symphonic Band	75,000
8	New Taipei City Stray Animal Protection Association	50,297
9	Chinese Christian Relief Association	42,480

Item	Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	

10	ST.Camillus Center for Interllectual Disability	41,521
11	ANDREW Charity Association	36,072
12	The Rock Social Welfare Foundation, Pingtung County	30,600
13	Saint Joseph Social Welfare Foundation	15,930
14	Children Are Us Foundation	15,805
15	R.O.C. Salvation Charity Association	14,914
16	Tai-he Community Development Association in Zhubei City, Hsinchu County	10,000
Total		1,336,619

Implementation of climate-related information

Item	Status
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The Company assesses the hazard and vulnerability in potential disasters of its business locations in Taiwan according to the "Disaster Risk Adoption Platform", analyzes risk and takes countermeasures, and the ESG Sustainability Committee led by the President is responsible for the oversight and governance thereof through strengthening the emergency preparedness in accordance with the ISO 27001, 14001 and 50001 standards.
3. Describe the financial impact of extreme weather events and transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company continue to study the financial impacts of climate change risks on its business, as well as the indicators and targets for transition risks and opportunities.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated	The Company will evaluate and plan the internal carbon pricing in accordance with the IFRS implementation schedule.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable	The parent company completed the 2022 greenhouse gas inventory and is undergoing the 2023 inventory and verification processes. It has scheduled the inventory and verification for each subsidiary pursuant to the "Sustainable

energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. 9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	Development Roadmap for TWSE/TPEx-listed Companies." The Company has not used the RECs or carbon credits yet.

1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

(1) Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

Coverage of greenhouse gas emissions: all plants and business locations of the parent company

	Scope 1	Scope 2	Scope 3	Total	Intensity (CO2e per NT$ million of revenue of the parent company)
2022	1,408.4590	17,611.3311	5,833.5215	24,853.3116	3.9781
2023	1,427.9531	18,601.9278	7,074.3724	27,104.2533	4.0179

(2) Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
A complete versification report will be disclosed in the Sustainability Report.

2. Greenhouse gas reduction targets, strategy, and concrete action plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets
The parent company completed its first greenhouse gas inventory in 2023 for the inventory of 2022, and will extend such effort to all of its subsidiaries pursuant to the "Sustainable Development Roadmap for TWSE/TPEx-listed Companies" year by year. Therefore, the reduction base year, targets and strategy are still under evaluation.

(VI) Fulfillment of ethical management and the deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof::

Items under evaluation	Status			Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary	
I. Establish ethical business policies and programs				
(I) Whether the Company adopts the ethical management policy approved by the Board of Directors, and expressly states the ethical corporate management policy and rules, and its fulfillment by the Board of Directors and senior management in its Articles of Incorporation and public documents?	✓		The Company adheres to the ethical business principle, and aims at creating the maximum interest for shareholders and employees. The Board of Directors and management also work hard to fulfill the ethical business.	N/A
(II) Whether the Company establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies”?	✓		All of the Company’s employees need to comply with the Company’s “Service Agreement” and to prevent bribery and acceptance of bribery, and illegal political contribution.	N/A
(III) Whether the Company expressly states the SOP, guidelines and reward and disciplinary & complaining systems in the unethical conduct prevention program, implements the same precisely and periodically reviews and amends said program?	✓		According to the Company’s “Service Agreement,” employees are required to maintain the highest ethical business conduct. The Agreement also expressly states the SOP and guidance for ethical behavior.	N/A
II. Implementation of ethical corporate management				
(I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?	✓		The Company has already signed the “Non-Disclosure Agreement” which expressly defines the clauses about ethical behavior with its trading counterparts.	N/A
(II) Whether the Company establishes		✓	The Company has not yet set up any	Under

a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors who shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and reporting the status thereof to the Board of Directors periodically (at least once per year)?			specific (part-time) unit to advocate ethical corporate management.	research
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	✓		The Company defines the conflict of interest policy to avoid any conflict with personal interest and the Company’s interest.	N/A
(IV) Whether the Company fulfills the ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoints a CPA to conduct the audits?	✓		The Company establishes the effective accounting system and internal control system. Auditors would also audit the compliance with the systems periodically.	N/A
(V) Does the Company organize internal or external training on a regular basis to maintain ethical management?		✓	The Company has not yet organized any educational training about ethical management.	Under research
III. Reporting of misconduct				
(I) Whether the Company defines a specific whistle-blowing and reward system, and establishes some convenient whistle-blowing channel, and assigns competent dedicated personnel to deal with the situation?	✓		The Company defines the “administrative disciplinary” measures. Any complaint may be filed via the email exclusive for employees’ complaining.	N/A
(II) Whether the Company defines the standard operating procedure, follow-up measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of complaints as accepted?	✓		The Company has implemented standard operating procedures or confidentiality measures for handling reported misconducts.	N/A
(III) Has the Company adopted any measures to prevent the whistle-blowers from being abused after whistle-blowing?	✓		The Company will keep the complainant’s personal information confidential and take appropriate protective measures.	N/A
IV. Strengthening information disclosure Whether the Company discloses	✓		The Company’s website and Market Observation Post System (MOPS) have disclosed the “ethical corporate	N/A

its ethical corporate management best-practice principles and effect of implementation thereof on its website and MOPS?			management best-practice principles."	

V.	If the Company has established its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE /TPEx Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: No deviation.
VI.	Other important information regarding the Company's ethical management (e.g., the Company's reviewing and amending the Company's ethical management best practice principles, etc.): N/A

(VII) If the Company has established the corporate governance best-practice principles and relevant regulations, the way to access such principles must be disclosed: The Company has disclosed the contents on the Market Observation Post System and the Company's official website (corporate governance section).

(VIII) Other information enabling better understanding of the Company's corporate governance: Continuing education of directors in 2023:

Job title	Name	Organizer	Date	Name of Course	Hours
Chairman	Representative of MPI Investment Co., Ltd.: Ko, Chang-Lin	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3
Director	Representative of MPI Investment Co., Ltd.: Chen, Steve	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3
Director	Representative of MPI Investment Co., Ltd.: Kuo, Scott	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3
Director	Li, Tu-Cheng	Taiwan Corporate Governance Association	2023.06.21	Corporate governance and securities-related laws and regulations	3
			2023.11.09	Enterprise Succession and Planning	3
Director	Liu, Fang-Sheng	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3
Director	Tsai, Chang-Shou	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3
Independent director	Kao, Chin-Cheng	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3
Independent director	Hsu, Mei-Fang	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3
Independent director	Liao, Da-Ying	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
			2023.11.09	Enterprise Succession and Planning	3

(IX) Disclosure of internal control system:

1. Internal Control Declaration:

MPI Corporation
Declaration of International Control System

Date: March 7, 2024

The following 2023 Declaration of Internal Control System is made based on the result of the Company's self-assessment:

I. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of this system is to provide reasonable assurance in terms of the effectiveness and efficiency of operations (including profitability, performance and asset security), reliable, timely and transparent reporting, and compliance with relevant laws and regulations.

II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.

III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in said "Regulations" include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to the "Regulations" for details.

IV. The Company has implemented said criteria of the internal control system to inspect the effectiveness of internal control system design and implementation.

V. Based on the result of the assessment described in the preceding paragraph, we hereby declare that, as of December 31, 2023, the design and implementation of the Company's internal control system (including the oversight and management of subsidiaries) that reasonably ensures the understanding of the degree of achievement of operational effectiveness and efficiency objectives, the reliable, timely, transparent reporting in compliance with applicable rules and the compliance with applicable laws, regulations, and bylaws are effective.

VI. The Declaration of Internal Control System is the main content of the Company's annual report and prospectus published. Any false and concealment of the published contents referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. The Declaration of Internal Control System was resolved in the Board meeting on March 7, 2024, and of the 9 directors present none raised an objection. The contents of the declaration were approved by all directors unanimously.

MPI Corporation

Chairman: Ko, Chang-Lin (affixation of seal)

President: Kuo, Scott (affixation of seal)

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A

(X) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholders' equity or securities prices, please disclose the penalty, main shortcomings, and condition of improvement: None.

(XI) Resolutions reached in the shareholder's meeting or by the Board of Directors during the most recent year and up to the date of publication of the annual report:

Important resolution reached by the Board of Directors:

Date of important resolution made by the Board of Directors	Important resolution	Provision set forth in Article 14-3 or 14-5 of the Securities and Exchange Act	Independent directors' opinion and the Company's action
25th meeting of 9th term 2023.01.16	The Company's 2023 operational plan		N/A
	Allocation ratios for 2023 remuneration to employees, directors and supervisors		N/A
	The remuneration to the Company's managers reviewed by Remuneration Committee.		N/A
26th meeting of 9th term 2023.03.10	The allocation of 2022 remuneration to employees and directors		N/A
	2022 Business Report and Financial Statements	✓	N/A
	Allocation of cash dividend from earnings for 2022		N/A
	The Company's appointment of Corporate Governance Officer		N/A
	The Company's appointment of dedicated Information Security Officer		N/A
	Amendments to the "Parliamentary Rules for Directors' Meetings".	✓	N/A
	Amendments to the Company's "Sustainable Development Best Practice Principles".	✓	N/A
	Amendments to the "Corporate Governance Best-Practice Principles".	✓	N/A
	Amendments to the Company's "Regulations Governing Supervision of Subsidiaries."	✓	N/A
	Adoption of the Company's "Procedures for the Self-assessment of Internal Control System".	✓	N/A
	Adoption of the Company's "Regulations Governing Financial and Non-financial Information".	✓	N/A
	2022 Declaration of Internal Control System	✓	N/A
	Re-election of the Company's directors of the 10th term (including independent directors).		N/A
	For opening of nomination of candidates for directors (including independent directors) to the Company.		N/A
	Nomination of candidates for the Company's directors (including independent directors) of the 10th term		N/A
	Date, location and agenda of 2023 Annual General Meeting		N/A
27th meeting of 9th term	Acquisition of the land and plant at Hukou Industrial Zone	✓	N/A

2023.04.10			
28th meeting of 9th term 2023.05.11	The Company's financial statements for the first quarter of 2023.	✓	N/A
	Disposal of the shares (including BH equipment) of Megtas Co., Ltd., the subsidiary in Korea.		N/A
1st meeting of 10th term 2023.06.15	Election of the Chairman of the 10th Board of Directors		N/A
	Establishment of the 2nd Audit Committee		N/A
	Appointment of members of the 6th Remuneration Committee		N/A
2nd meeting of 10th term 2023.08.10	For the employee remuneration to the Company's managers proposed by the Remuneration Committee.		N/A
	The Company's financial statements for the second quarter of 2023.	✓	N/A
3rd meeting of 10th term 2023.11.09	The Company's financial statements for the third quarter of 2023.	✓	N/A
	The Company's 2024 internal audit plan	✓	N/A
	Adoption of the Company's "Regulations for Appointing External Auditors"	✓	N/A
	Amendments to the Company's "Procedures for Handling Requests Made by Directors"	✓	N/A
4th meeting of 10th term 2023.11.23	TCS technology transfer agreement		N/A
5th meeting of 10th term 2024.1.31	The Company's 2024 operational plan		N/A
	Allocation ratios for 2024 remuneration to employees, directors and supervisors		N/A
	The remuneration to the Company's managers reviewed by Remuneration Committee.		N/A
6th meeting of 10th term 2024.3.7	The allocation of 2023 remuneration to employees and directors		N/A
	2023 Business Report and Financial Statements	✓	N/A
	Allocation of cash dividend from earnings for 2023		N/A
	Evaluation of the independence and competency of external auditors of 2024 financial statements		N/A
	Amendments to the Company's "Parliamentary Rules for Shareholders' Meetings"	✓	N/A
	Amendments to the Company's "Parliamentary Rules for Directors' Meetings"	✓	N/A
	For amendments to the Company's "Audit Committee Charter."	✓	N/A
	Amendments to the "Sales and Collection Cycle"	✓	N/A
	2023 Declaration of Internal Control System	✓	N/A
	Date, location and agenda of 2024 Annual General Meeting		N/A
	Engagement with others to build on the land owned by the Company.	✓	N/A
	Continuous disposal of the shares of the subsidiary in Korea.		N/A
7th meeting of 10th term 2024.5.8	The Company's financial statements for the first quarter of 2024.	✓	N/A
	Engagement with others to build on the land owned by the Company.	✓	N/A

Implementation status of important resolutions made in 2023 Annual General Meeting:

Date of important resolution made by the annual general meeting	Important resolution	Status
General shareholders' meeting 2023.06.15	Ratified 2022 Business Report and Financial Statements	Passed by the present shareholders unanimously.
	Ratified the allocation of earnings for 2022.	A cash dividend of NT$7 per share was approved by attending shareholders

		unanimously. Ex-dividend record date: July 21, 2023 Date of cash dividend distribution: August 4, 2023
	Election of directors of the 10th term (6 directors and 3 independent directors)	Name of elected directors: Representatives of MPI Investment: Ko, Chang-Lin; Chen, Steve; Kuo, Scott. Li, Tu-Cheng; Liu, Fang-Sheng; Tsai, Chang-Shou. Name of elected independent directors: Hsu, Mei-Fang; Kao, Chin-Cheng; Liao, Da-Ying. Implementation status: The registration was approved by the Ministry of Economic Affairs on July 6, 2023 and announced on the Company's website.

(XII) Recorded or written statements made by any director which specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of this annual report: None.

(XIII) Summary of discharge and termination of parties relating to the financial report (including the Chairman, president, accounting officer, finance officer, internal audit officer, corporate governance officer and R&D officer) during the most recent year and up to the date of publication of the annual report: None.

(XIV) Other disclosure:

Status of the continuing education of the Company's Corporate Governance Officer, Accounting Officer and Audit Officer in 2023:

Job title	Name	Institute	Date	Name of Course	Hours
Corporate Governance Officer	Tang, Fu-Ping	Taiwan Corporate Governance Association	2023.08.10	Corporate M&A Strategic Planning	3
		Taipei Exchange	2023.08.21	Information Session on Shares of Insiders of TPEx-listed Companies	3
		Financial Supervisory Commission	2023.09.04	The 14th Taipei Corporate Governance Forum	6
		Taiwan Corporate Governance Association	2023.11.09	Enterprise Succession and Planning	3
Accounting officer	Rose Jao	Accounting Research and Development Foundation	From 2023.12.18 to 2023.12.19	Continuing education program for accounting officer of issuer, securities firm and securities exchange	12
Audit officer	Liu, Yi-Ping	Internal Audit Association	2023.05.16	Improvement of corporate sustainability value and optimization of risk management system	6
		Internal Audit Association	2023.11.08	Essentials of performing internal audit on legal compliance	6

V. Information on CPA Fees

(1) Information on CPA Fees:

Unit: NTD thousand

Accounting firm:	Name of CPA	Duration of Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Nexia Sun Rise CPAs & Co.	Chen, Chih-Ling	From 2023.01.01 to 2023.12.31	2,649	335	2,984	Tax audit fee of NT$303 thousand and commercial and industrial registration fee of NT$32 thousand
	Chen, Yi-Ling	From 2023.01.01 to 2023.12.31				

(II) If the Company meets any of the following circumstances, it shall disclose the CPA professional fee:

(1) If the non-audit fees paid to the CPA, CPA firm and their affiliates exceeded the audit fees in excess of twenty-five percent, the company shall disclose the audit fee and non-audit fee, as well as the contents of the non-audit service: None.

(2) Change of CPA firm and the audit fees for the year of the change less that of the previous year, and the amount of audit fees before and after the change, and reasons of the change: None.

(3) Audit fees were 15% less than that of the previous year, and the reduction of audit fee, percentage and reasons: None.

VI. Information on Replacement of CPA: N/A

(I) Former CPA: N/A.

(II) Succeeding CPA: N/A.

(III) The former CPA's written response to the sub-paragraphs 1&2-3 of Paragraph 5 of Article 10 of the Principles: N/A

VII. Information on Chairman, President, or financial or accounting manager of the Company who has worked with the CPA firm which conducts the audit of the Company or affiliate to such firm in the most recent year: None.

VIII. Any transfer of equity interests and pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and up to the date of publication of the annual report:

(I) Change in equity of directors, supervisors, managers, and major shareholders

Job title	Name	2023		The current fiscal year up to April 30, 2024	
		Increase (Decrease) in shares held	Increase (Decrease) in shares pledged	Increase (Decrease) in shares held	Increase (Decrease) in shares pledged
Chairman	MPI Investment Co., Ltd. Representative: Ko, Chang-Lin	0	0	0	0
Director	MPI Investment Co., Ltd. Representative: Steve Chen	0	0	0	0

Director	MPI Investment Co., Ltd. Representative: Scott Kuo	0	0	0	0
Director	Liu, Fang-Sheng	0	0	0	0
Director	Li, Tu-Cheng	0	0	0	0
Director	Tsai, Chang-Shou	0	0	0	0
Independent director	Hsu, Mei-Fang	0	0	0	0
Independent director	Kao, Chin-Cheng	0	0	0	0
Independent director	Liao, Da-Ying	0	0	0	0
President	Scott Kuo	(10,000)	0	(3,000)	0
Vice President	Fan, Wei-Ju	0	0	0	0
Vice President	Liu, Yung-Chin	0	0	0	0
Finance Officer Corporate Governance Officer	Tang, Fu-Ping	0	0	0	0
Accounting officer	Rose Jao	0	0	0	0
Manager of the Branch Office	Wang, Jian-Ming	0	0	0	0

(II) Information about transfer or pledge of equity: N/A

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

April 30, 2024

Name	Own shareholding		Current Shares Held by Spouse and Children of Minor Age		Total shareholding Under the Name of A Third Party		Disclosure of information on related parties or spousal relationship or relations within the second degree of kinship, among top ten shareholders, including their names or designations, and relationship		Remarks
	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Designation (or Name)	Relationship	
MPI Investment Co., Ltd. Representative: Ko, Chang-Lin	8,334,626	8.84%	0	0%	0	0%	MPI Investment Co., Ltd.	Director of the Company	N/A
	1,425,994	1.51%	427,781	0.45%	0	0%	MPI Investment Co., Ltd.	Chairman of the Company	N/A
Labor pension fund under the new system	5,187,700	5.51%	0	0%	0	0%	N/A	No relationship	N/A
Public Service Pension Fund	2,316,000	2.46%	0	0%	0	0%	N/A	No relationship	N/A
Bank SinoPac employee stock ownership trust account entrusted by MPI Corporation	1,900,823	2.02%	0	0%	0	0%	N/A	No relationship	N/A
Ko, Chang-Lin	1,425,994	1.51%	427,781	0.45%	0	0%	MPI Investment Co., Ltd.	Chairman of the Company	N/A
Labor pension fund under the old system	1,133,400	1.20%	0	0%	0	0%	N/A	No relationship	N/A
JPMorgan Chase Bank in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,106,000	1.17%	0	0%	0	0%	N/A	No relationship	N/A
Arcadia Emerging Markets Equity Small Cap Fund managed by HSBC as the custodian	1,077,000	1.14%	0	0%	0	0%	N/A	No relationship	N/A
Fuh Hwa Heirloom No. 2 Balance Fund	1,050,000	1.11%	0	0%	0	0%	N/A	No relationship	N/A
JPMorgan Chase Bank in custody for Vanguard Emerging Markets Fund	1,004,000	1.07%	0	0%	0	0%	N/A	No relationship	N/A

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company.

December 31, 2023 Unit: Share; %

Investee (Note 1)	Invested by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Combined investment	
	Shares	Ratio of shareholding	Shares	Ratio of shareholding	Shares	Ratio of shareholding
Chain-Logic International Corp.	5,000,000	100%	0	0	5,000,000	100%
MPI TRADING CORP.	1,000	100%	0	0	1,000	100%
MMI HOLDING CO., LTD.	18,267,987	100%	0	0	18,267,987	100%
Allstron Corporation	1,550,000	100%	0	0	1,550,000	100%
MEGTAS CO., LTD.	400,000	80%	0	0	400,000	80%
MPA TRADING COR.	11,450,000	100%	0	0	11,450,000	100%
CHAIN-LOGIC TRADING CORP. (Note 2)	0	0%	0	A subsidiary of 100% shareholding	0	100%
MPI AMERICA INC. (Note 3)	0	0%	6,300,000	A subsidiary of 100% shareholding	6,300,000	100%
Lumitek (Changchou) Co. Ltd. (Note 4)	0	0%	US$16,000,000	A subsidiary of 100% shareholding	US$16,000,000	100%
MPI Corporation (Suzhou) (Note 5)	0	0%	US$2,000,000	A subsidiary of 100% shareholding	US$2,000,000	100%
Celadon Systems Inc. (Note 6)	0	0%	1,000	A subsidiary of 100% shareholding	1,000	100%

Note 1: Long-term investment by the Company
Note 2: An investee of the Company’s subsidiary, Chain-Logic International Corp.
Note 3: An investee of the Company’s subsidiary, MPA TRADING CORP.
Note 4: An investee of the Company’s subsidiary, MMI HOLDING CO., LTD.
Note 5: An investee of the Company’s subsidiary, MMI HOLDING CO., LTD.
Note 6: An investee of the Company’s subsidiary, MPI AMERICA INC.

Four. Status of Fundraising

I. Capital Stock and Shares

(I) Source of Capital Stock:

April 30, 2024; Unit: Thousand Shares; NTD thousand

Year/Month	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital Stock	Offset by any property other than cash	Others
1995/07	10	500	5,000	500	5,000	Capital of incorporation	N/A	
1998/10	10	22,500	225,000	6,000	60,000	Capital increase in cash by NT$55,000 thousand	N/A	
2000/07	15 10	22,500	225,000	10,000	100,000	Capital increase in cash by NT$28,000 thousand Capital increase upon recapitalization of earnings by NT$12,000 thousand	N/A	
2001/05	18 10 10	22,500	225,000	20,000	200,000	Capital increase in cash by NT$50,700 thousand Capital increase upon recapitalization of earnings by NT$42,000 thousand Capital increase upon recapitalization of employee bonus by NT$7,300 thousand	N/A	
2002/06	10	50,000	500,000	30,000	300,000	Capital increase upon recapitalization of earnings by NT$43,800 thousand Capital increase upon recapitalization of employee bonus by NT$6,200 thousand	Succeed to shares of Chain-Logic International Corp., NT$50,000 thousand	Note 1
2003/09	10	50,000	500,000	33,434	334,340	Capital increase upon recapitalization of earnings by NT$30,000 thousand Capital increase upon recapitalization of employee bonus by NT$4,340 thousand	N/A	Note 2
2004/08	10	50,000	500,000	33,803	338,031	Conversion of convertible bonds to common stock NT$3,691 thousand	N/A	
2004/09	10	50,000	500,000	37,672	376,719	Capital increase upon recapitalization of earnings by NT$33,434 thousand Capital increase upon recapitalization of employee bonus by NT$5,254 thousand	N/A	Note 3
2004/11	10	50,000	500,000	38,217	382,174	Conversion of convertible bonds to common stock NT$5,454 thousand	N/A	
2005/02	10	50,000	500,000	38,877	388,775	Conversion of convertible bonds to common stock NT$6,601 thousand	N/A	
2005/05	10	50,000	500,000	39,556	395,556	Conversion of convertible bonds to common stock NT$6,781 thousand	N/A	
2005/07	10	50,000	500,000	39,576	395,765	Conversion of convertible bonds to common stock NT$208 thousand	N/A	
2005/09	10	51,300	513,000	48,957	489,568	Capital increase upon recapitalization of earnings by NT$81,960 thousand Capital increase upon recapitalization of employee bonus by NT$11,814 thousand Conversion of convertible bonds to common stock NT$30 thousand	N/A	Note 4

2005/10	10	51,300	513,000	49,253	492,533	Conversion of convertible bonds to common stock NT$2,964 thousand	N/A	
2006/02	10	51,300	513,000	50,479	504,785	Conversion of convertible bonds to common stock NT$12,253 thousand	N/A	
2006/05	10	51,300	513,000	50,724	507,236	Conversion of convertible bonds to common stock NT$2,451 thousand	N/A	
2006/08	10	51,300	513,000	50,815	508,145	Conversion of convertible bonds to common stock NT$909 thousand	N/A	
2006/09	10	58,000	580,000	56,496	564,959	Capital increase upon recapitalization of earnings by NT$50,814 thousand Capital increase upon recapitalization of employee bonus by NT$6,000 thousand	N/A	Note 5
2007/08	10	100,000	1,000,000	56,501	565,005	Conversion of convertible bonds to common stock NT$45 thousand	N/A	
2007/09	10	100,000	1,000,000	63,676	636,758	Capital increase upon recapitalization of earnings by NT$57,500 thousand Capital increase upon recapitalization of employee bonus by NT$8,118 thousand Conversion of convertible bonds to common stock NT$6,135 thousand	N/A	Note 6
2007/10	10	100,000	1,000,000	63,679	636,789	Conversion of convertible bonds to common stock NT$30 thousand	N/A	
2008/01	10	100,000	1,000,000	63,736	637,363	Conversion of convertible bonds to common stock NT$574 thousand	N/A	
2008/09	10	100,000	1,000,000	71,105	711,053	Capital increase upon recapitalization of earnings by NT$64,570 thousand Capital increase upon recapitalization of employee bonus by NT$9,120 thousand	N/A	Note 7
2009/08	10	100,000	1,000,000	73,311	733,111	Capital increase upon recapitalization of earnings by NT$21,190 thousand Capital increase upon recapitalization of employee bonus by NT$868 thousand	N/A	Note 8
2009/12	10	100,000	1,000,000	74,084	740,841	Conversion of employee options to common stock NT$100 thousand Conversion of convertible bonds to common stock NT$7,630 thousand	N/A	
2010/04	10	100,000	1,000,000	77,449	774,486	Conversion of employee options to common stock NT$11,190 thousand Conversion of convertible bonds to common stock NT$22,455 thousand	N/A	
2010/07	10	100,000	1,000,000	77,629	776,291	Conversion of employee options to common stock NT$11,082 thousand Conversion of convertible bonds to common stock NT$3,200 thousand	N/A	
2010/10	10	100,000	1,000,000	77,697	776,970	Conversion of employee options to common stock NT$5,376 thousand Conversion of convertible bonds to common stock NT$200 thousand	N/A	
2011/01	10	100,000	1,000,000	77,985	779,854	Conversion of employee options to common stock NT$13,149 thousand Conversion of convertible bonds to common stock NT$8,900 thousand	N/A	
2011/04	10	100,000	1,000,000	78,464	784,644	Conversion of employee options to common stock NT$39,613 thousand	N/A	
2011/08	10	100,000	1,000,000	78,549	785,494	Conversion of employee options to common stock NT$7,030 thousand	N/A	
2011/10	10	100,000	1,000,000	78,590	785,904	Conversion of employee options to common stock NT$3,299 thousand	N/A	
2012/01	10	100,000	1,000,000	78,602	786,024	Conversion of employee options to common stock NT$931 thousand	N/A	
2012/04	10	100,000	1,000,000	78,605	786,054	Conversion of employee options to	N/A	

						common stock NT$233 thousand		
2012/07	10	100,000	1,000,000	78,610	786,104	Conversion of employee options to common stock NT$388 thousand	N/A	
2013/07	10	100,000	1,000,000	78,612	786,123	Conversion of employee options to common stock NT$143 thousand Cancellation and capital reduction by 8 shares upon shareholders' waiver to hold shares	N/A	
2015/01	10	100,000	1,000,000	79,536	795,364	Conversion of convertible bonds to common stock NT$92,400 thousand	N/A	
2015/05	10	100,000	1,000,000	79,605	796,054	Conversion of convertible bonds to common stock NT$6,900 thousand	N/A	
2017/08	10	100,000	1,000,000	79,901	799,014	Conversion of convertible bonds to common stock NT$26,700 thousand	N/A	
2019/08	10	120,000	1,200,000	79,915	799,154	Conversion of convertible bonds to common stock NT$1,000 thousand	N/A	
2020/01	10	120,000	1,200,000	79,959	799,587	Conversion of convertible bonds to common stock NT$3,000 thousand	N/A	
2020/08	10	120,000	1,200,000	80,294	802,940	Conversion of convertible bonds to common stock NT$23,200 thousand	N/A	
2020/10	10	120,000	1,200,000	91,068	910,684	Conversion of convertible bonds to common stock NT$726,200 thousand	N/A	
2021/01	10	120,000	1,200,000	92,080	920,802	Conversion of convertible bonds to common stock NT$68,200 thousand	N/A	
2021/04	10	120,000	1,200,000	92,381	923,813	Conversion of convertible bonds to common stock NT$20,300 thousand	N/A	
2021/08	10	120,000	1,200,000	93,000	930,001	Conversion of convertible bonds to common stock NT$41,700 thousand	N/A	
2021/11	10	120,000	1,200,000	94,074	940,738	Conversion of convertible bonds to common stock NT$69,900 thousand	N/A	
2022/04	10	120,000	1,200,000	94,078	940,784	Conversion of convertible bonds to common stock NT$300 thousand	N/A	
2022/11	10	120,000	1,200,000	94,231	942,311	Conversion of convertible bonds to common stock NT$9,500 thousand	N/A	

Note 1: Approval letter by Securities and Futures Commission, Ministry of Finance under (91) No. 09100127510 dated June 3, 2002.
Note 2: Approval letter by Securities and Futures Commission, Ministry of Finance under Tai-Chi-Zheng (I) No. 0920129426 dated July 2, 2003.
Note 3: Approval letter by Securities and Futures Commission, Ministry of Finance under Tai-Chi-Zheng (I) No. 0930126472 dated June 15, 2004.
Note 4: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0940124109 dated June 16, 2005.
Note 5: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0950130971 dated July 17, 2006.
Note 6: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0960036186 dated July 12, 2007.
Note 7: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0970031732 dated June 25, 2008.
Note 8: Approval letter by Securities and Futures Bureau, Financial Supervisory Commission of Executive Yuan under Jin-Guan-Zheng (I) No. 0980034020 dated July 8, 2009.

Type of share	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Common stocks	94,231,106 shares	25,768,894 shares	120,000,000 shares	TWSE stock

(II) Composition of shareholders

April 30, 2024

Composition of shareholders / Quantity	Government Apparatus	Financial Organization	Other Juristic Persons	Individual	Foreign institutions and foreign individuals	Total
Number of person	4	31	342	31,095	235	31,707
Shares held	8,212,300	4,113,300	23,983,411	35,519,416	22,402,679	94,231,106
Ratio of shareholding	8.72%	4.37%	25.45%	37.69%	23.77%	100.00%

(III) Diversification of equity

April 30, 2024

Range of Shares	Number of Shareholders	Shares held	Ratio of shareholding (%)
1～ 999	23,689	630,385	0.67
1,000～ 5,000	6,812	11,386,286	12.08
5,001～ 10,000	502	3,947,598	4.19
10,001～ 15,000	179	2,272,703	2.41
15,001～ 20,000	103	1,885,451	2.00
20,001～ 30,000	111	2,835,375	3.01
30,001～ 40,000	65	2,353,577	2.50
40,001～ 50,000	38	1,739,970	1.84
50,001～ 100,000	82	6,000,358	6.37
100,001～ 200,000	50	7,455,896	7.91
200,001～ 400,000	39	10,635,787	11.29
400,001～ 600,000	8	4,136,430	4.39
600,001～ 800,000	12	8,172,209	8.67
800,001～ 1,000,000	7	6,243,538	6.63
1,000,001 and above	10	24,535,543	26.04
Total	31,707	94,231,106	100.00

Preferential shares: N/A

(IV) Roster of Major Shareholders

April 30, 2024

Name of Major Shareholders \ Shares	Shares held	Ratio of shareholding (%)
MPI Investment Co., Ltd.	8,334,626	8.84%
Labor pension fund under the new system	5,187,700	5.51%
Public Service Pension Fund	2,316,000	2.46%
Bank SinoPac employee stock ownership trust account entrusted by MPI Corporation	1,900,823	2.02%
Ko, Chang-Lin	1,425,994	1.51%
Labor pension fund under the old system	1,133,400	1.20%
JPMorgan Chase Bank in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,106,000	1.17%
Arcadia Emerging Markets Equity Small Cap Fund managed by HSBC as the custodian	1,077,000	1.14%
Fuh Hwa Heirloom No. 2 Balance Fund	1,050,000	1.11%
JPMorgan Chase Bank in custody for Vanguard Emerging Markets Fund	1,004,000	1.07%

(V) Information on market value, net value, earnings and dividends per share in the most recent two years

Unit: NTD; share

<table>
<tr><th colspan="3">Item \ Year</th><th>2022</th><th>2023</th><th>The current fiscal year up to April 30, 2024</th></tr>
<tr><td rowspan="3">Market price per share (Note 1)</td><td colspan="2">Highest</td><td>133.00</td><td>233.50</td><td>454.50</td></tr>
<tr><td colspan="2">Lowest</td><td>74.60</td><td>112.50</td><td>223.00</td></tr>
<tr><td colspan="2">Average</td><td>106.04</td><td>172.78</td><td>312.42</td></tr>
<tr><td rowspan="2">Net value per share</td><td colspan="2">Before distribution</td><td>73.07</td><td>80.81</td><td>76.38</td></tr>
<tr><td colspan="2">After distribution</td><td>66.07</td><td>73.31</td><td>N/A</td></tr>
<tr><td rowspan="2">EPS</td><td colspan="2">Weighted average shares</td><td>94,231,106</td><td>94,231,106</td><td>94,231,106</td></tr>
<tr><td colspan="2">Earnings per share (Note 2)</td><td>12.89</td><td>13.92</td><td>4.18</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividend</td><td>7.00</td><td>7.50</td><td>0</td></tr>
<tr><td rowspan="2">Stock dividend</td><td>Retained shares distribution</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Capital surplus shares distribution</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">Retained dividend</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">Return on investment analysis</td><td colspan="2">Price-Earnings Ratio (Note 3)</td><td>8.23</td><td>12.41</td><td>0</td></tr>
<tr><td colspan="2">Dividend Yield (Note 4)</td><td>15.15</td><td>23.04</td><td>0</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 5)</td><td>6.60%</td><td>4.34%</td><td>0</td></tr>
</table>

Note 1: The Company has traded on Taiwan Stock Exchange as of January 6, 2003.

Note 2: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.

Note 3: Price-Earnings Ratio=Average Closing Price per Share in current year/Earnings per Share

Note 4: Dividend Yield=Average Closing Price per Share in current year/Cash Dividend per Share

Note 5: Cash Dividend Yields=Cash Dividend per Share/Average Closing Price per Share in current year

Note 6: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

(VI) Dividend Policy and the Status of Implementation

1. The dividend policy defined by the Articles of Incorporation

Article XIX: Where the Company retains income before tax after the account settlement, it shall allocate 0.1%-15% thereof as the remuneration to employees, and no more than 3% thereof as the remuneration to directors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph.

The allocation of remuneration to employees and directors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting. The remuneration for employees may be paid in the form of stock or in cash. Employees entitled to receive the distribution includes those of the affiliated companies who meet specified requirements.

If the Company has a profit in the total final account of a fiscal year, it shall first pay the taxes, make up any losses from past years, and then make contribution of 10% as the statutory reserve unless the statutory reserve reaches the amount of the Company paid-in capital. After appropriating or reversing a special reserve in accordance with the laws and regulations, the proposal for the distribution of the profits concerning the balance along with the accumulative undistributed profit is formulated by the Board of Directors and submitted to the shareholder's meeting to decide the distribution or reservation.

Article XX: The Company is now at the growth stage of industrial development. As such, the dividend policy shall be conditioned by the investment environment, capital needs, domestic and international competition, and capital budgeting of the Company at present moment and in the futures. Shareholders interest, balance of dividend payment and long-term financial planning shall also be considered with the Board of Directors to design the plans for income distribution annually as required by law, and present before the shareholders' meeting for ratification.

The earnings will be allocated in the form of cash dividend or stock dividend, subject to the funding demand and level of dilution of EPS. The cash dividend to be allocated, if any, shall be no less than 10% of the total stock dividend.

2. Dividends distribution proposed at the shareholders' meeting in the current year

The Company's 2023 earnings distribution plan was resolved at the Board of Directors' meeting on March 7, 2024 with a cash dividend of NT$706,733,295 (NT$7.5 per share).

3. Whether a material change in dividend policy is expected: None.

(VII) The effect of stock dividend as proposed in this General Meeting on the operation performance and earnings per share of the company: N/A, as no bonus share distribution was proposed at the meeting.

(VIII) Remuneration to employees and directors

1. The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation.

Article XIX: Where the Company retains income before tax after the account settlement, it shall allocate 0.1%-15% thereof as the remuneration to employees, and no more than 3% thereof as the remuneration to directors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph.

The allocation of remuneration to employees and directors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.

The remuneration for employees may be paid in the form of stock or in cash. Employees entitled to receive the distribution includes those of the affiliated companies who meet specified requirements.

If the Company has a profit in the total final account of a fiscal year, it shall first pay the taxes, make up any losses from past years, and then make contribution of 10% as the statutory reserve unless the statutory reserve reaches the amount of the Company paid-in capital. After appropriating or reversing a special reserve in accordance with the laws and regulations, the proposal for the distribution of the profits concerning the balance along with the accumulative undistributed profit is formulated by the Board of Directors and submitted to the shareholder's meeting to decide the distribution or reservation.

Article XX: The Company is now at the growth stage of industrial development. As such, the dividend policy shall be conditioned by the investment environment, capital needs, domestic and international competition, and capital budgeting of the Company at present moment and in the futures. Shareholders interest, balance of dividend payment and long-term financial planning shall also be considered with the Board of Directors to design the plans for income distribution annually as required by law, and present before the shareholders' meeting for ratification.

The earnings will be allocated in the form of cash dividend or stock dividend, subject to the funding demand and level of dilution of EPS. The cash dividend to be allocated, if any, shall be no less than 10% of the total stock dividend.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

Where the Company retains income before tax after the account settlement, it shall allocate 0.1%~15% thereof as the remuneration to employees, and no more than 3% thereof as the remuneration to directors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph. If the actual distributed amount resolved by a shareholders' meeting is different from the estimate, the difference shall be treated as a change in accounting estimate and stated as the income of next year.

3. Distribution of compensation approved by the board of directors:

The proposal of the Company's 2023 earnings distribution plan approved in the Board of Directors' meeting on March 7, 2024 is as follows:

(1) The actual distributions of employee compensation and director remuneration in cash were NT$138,653,000 and NT$34,663,212, respectively, which are identical to the estimated figures recognized.

(2) The amount of any employee compensation distributed in stocks as a percentage of the sum of the after-tax net income and total employee compensation: N/A.

4. The actual distribution of employee and director, compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated.

Unit: NTD $

Items	Amount
Employees' cash remuneration	127,800,000
Remuneration to directors	31,950,000

There is not discrepancy between the actual distribution and the recognized employee or director compensation of 2022.

(IX) Repurchase of the Company's shares: N/A

II. Issuance of Corporate Bonds: N/A

III. Issuance of Preferred Shares: N/A

IV. Status of GDR/ADR: N/A

V. Status of employee stock options: N/A

VI. Restriction on Employee Share Subscription Warrant: N/A.

VII. Mergers and Acquisitions, or as Assignee of New Shares Issued by Another Company: N/A

VIII. Implementation of Capital Utilization Plan: N/A

Five. Overview of operation

I. Business Contents

(I) Business lines:

1. The Company primarily engages in:
   (1) Maintenance, trading and R&D of computer and peripheral devices;
   (2) Import/export and trading of semiconductor components, electronic parts, and silicon integrated circuits;
   (3) Import/export and trading of precision automated control machines;
   (4) Import/export and trading of machinery and spare parts thereof;
   (5) General import/export and trading; (Except for those that require special permission)
   (6) Processing, maintenance, manufacturing, import/export and trading of semi-conductor probing spare parts;
   (7) Quotation and bidding for said products on behalf of domestic and foreign suppliers;
   (8) Mechanical equipment manufacturing;
   (9) Wholesale of Machinery;
   (10) Retail Sale of Machinery and Tools.
2. Weight of business

   The Company's net consolidated operating revenue for 2023 was NT$8,147,112 thousand, primarily generated from the sale of wafer probe cards and semi-conductor equipment. The composition of the revenue is listed below:

Unit: NTD thousand

Product (service)	2023	
	Net sales	Weight of business %
Wafer probe card	4,125,341	50.64%
Semi-conductor equipment	2,586,140	31.74%
Others	1,435,631	17.62%
Total	8,147,112	100.00%

3. Current products (services) of the Company
   (1) Wafer probe card
   (2) Wafer probe card maintenance service
   (3) Wafer probing and sorting equipment
   (4) Probing, sorting and optical inspection equipment for semi-conductor wafers and components
4. New products (services) under development
   (1) Wafer probe card
      (a) In order to deal with the technology upgrade in the production process of the semi-conductor wafer, the Company will continue to develop the wafer probe cards with ultra-fine pitch technology, high pin count, large area, high/low-temperature, less cleaning and multi-DUT.
      (b) The Company will continue to develop the wafer probe card for high-speed test to keep up with the development trend of high-speed chips.
      (c) To address the development of advanced packing technology and the different applications of products, the Company keeps developing highly integrated advanced wafer probe cards for testing FOWLP, KGD, flip-chip, CIS, TSV, WLP, SiP, SoC, 2.5D, CoWoS and 3D-ICs.
   (2) Semi-conductor equipment
      (a) Development of 6-8 inch Micro LED multi-channel high-speed and low current measurement equipment.
      (b) Wafer-level reliability testing system (VCSEL, SiPh).
      (c) Silicon photonics packaged optical waveguide tube property measurement system.

(II) Overview of industry

(A) Overview and development of industry

(1) Status of the global business

(a) Wafer probe card (semi-conductor industry)

In the semi-conductor industry chain, IC design industry serves as the upstream supplier, and IC wafer manufacturing the mid-stream dealer, and IC packing and test industry as the downstream dealer. Taiwan owns the most complete cluster and professional division of work in the global semi-conductor industry. Fabless IC design company hires professional wafer foundries to manufacture wafers in accordance with its design. After front-end probing, packaging fabs will take over and perform cutting and packaging. Finally, the probing fab will perform the back-end probing, and finally assemble the tested finished goods into finished products.

The IC test may be completed in two steps. One refers to the wafer test before packaging primarily aiming to test the electrical property of unit dies on the chips. The other refers to the IC finished goods test primarily aiming to whether the functions, electrical property and heat dissipation of IC are normal or not, in order to ensure the quality. The probe card is applied at the wafer test stage, in order to conduct the probing test on each die on the chips.

Probe card is a plated circuit board filled with probe needles. It is the interface between the probing machine and the wafer under test and analysis. When the manufacture of the wafer is complete, the probe card is needed for probing the quality of the wafer and separating the fine-quality IC (integrated circuit) from the wafer of poor quality (defective product). The subsequent packaging process only allows the fine-quality IC to enter the packaging step, and the poor-quality IC will not enter the packaging step to avoid unnecessary waste of the cost.

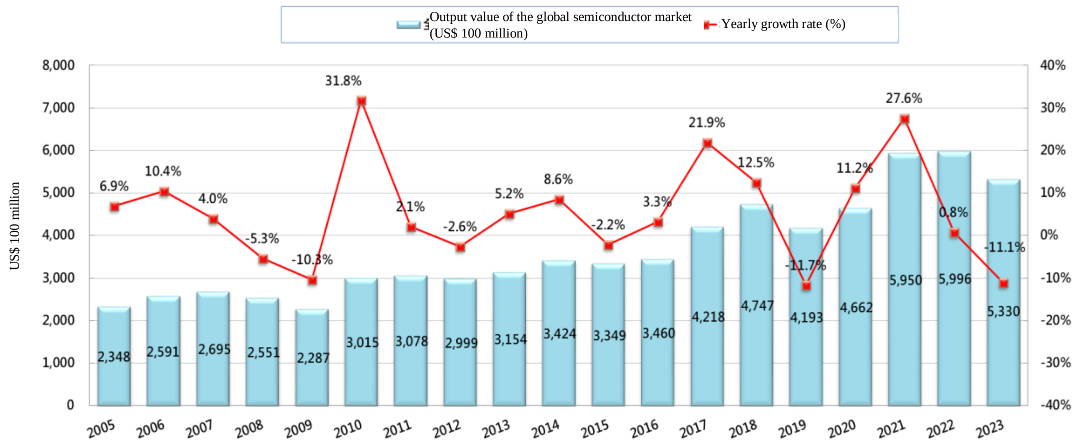
Each IC type requires at least one corresponding probe card. The operation principle of the probe card is that the probe needles on the probe card contact with the pads or bumps on the devices under test (DUT) to perform probe test and input/output the chip signal to perform electrical measurement. Automated measuring is realized with the help of the peripheral probing instrument and controlling software.

After the wafer probing test is done, the wafer is divided into individual dies. After that, qualified dies are allowed to enter the back-end IC packaging process covered with plastics, ceramics or metals to protect the die from any contamination and also facilitate subsequent packaging process, to achieve the connection of electricity property and heat dissipation of chips and electronic systems. The cost of packaging takes up a great percentage of the overall cost of IC production. Therefore, preventing the defective products from entering the back-end packaging process will result in effective cost-reduction and avoid unnecessary waste.

Electronic devices with slim structure, multiple functions and lower power consumption have become the trend. Advanced packaging cost will increase accordingly. This is why wafer probe test technology with lower cost has become very important in the IC industry.

Taiwan’s IC packaging and testing industry ranks the first place in the world constantly. Following the emerging AI and HPC applications, Taiwan’s IC packaging and testing service providers continue to deploy high-end packaging and heterogeneous integration technology, in order to set themselves apart from competitors. At the same time, probe card suppliers and testing equipment manufacturers are also striving to follow the trend and develop new technologies to maintain their leading position.

Output value of the global semiconductor market



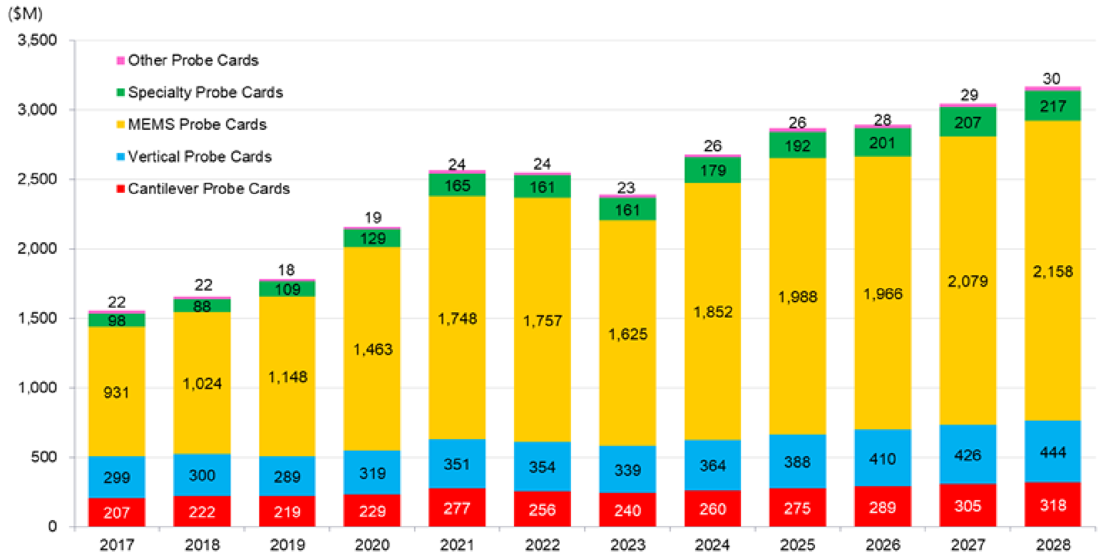
Source of data: Gartner (01/2024); compiled by MPI

The wafer probe card is closely related to the semi-conductor industry. The rise and fall of the semi-conductor market will affect the wafer probe card market directly. According to a research report made by the market research organization Gartner, the revenue of the global semi-conductor industry reached US$533 billion, a 11.1% decrease from 2022 mainly due to overstock and decreased price as a result of chip oversupply. The lower capacity utilization of wafer makers led to a decline of the global semi-conductor market in 2023.

As indicated in a forecast report published in December 2023 by the Industry, Science and Technology International Strategy Center of Industrial Technology Research Institute, the dropping end demand for electronics, inflation and overstock of memory have hindered the overall performance of semi-conductor market in 2023. As the inventory of chips has been adjusted to a healthy level and the applications in 5G, high-performance computing (HPC), electric vehicles and artificial intelligence (AI) are fueling the demand, the highly demanded advanced process will then become a major force driving the development of semi-conductor industry in the future. The global semi-conductor market will regain its growth potential in 2024 with an annual growth rate of 16.8% while the market size is projected at US$624 billion.

Taiwan's semi-conductor supply chain plays an important role globally with its world-leading advanced semi-conductor process. Its output value of wafer foundry and packaging & test ranks the 1st place in the world while IC design ranks the 2nd place in the world. In 2024, Taiwan will maintain its leading position in the development of AI, 5G and high-performance computing with the advanced process technology and take the semi-conductor industry in Taiwan to a new height at an estimated output value of NT$4.9 trillion, 14.1% up from NT$4.3 trillion in 2023.

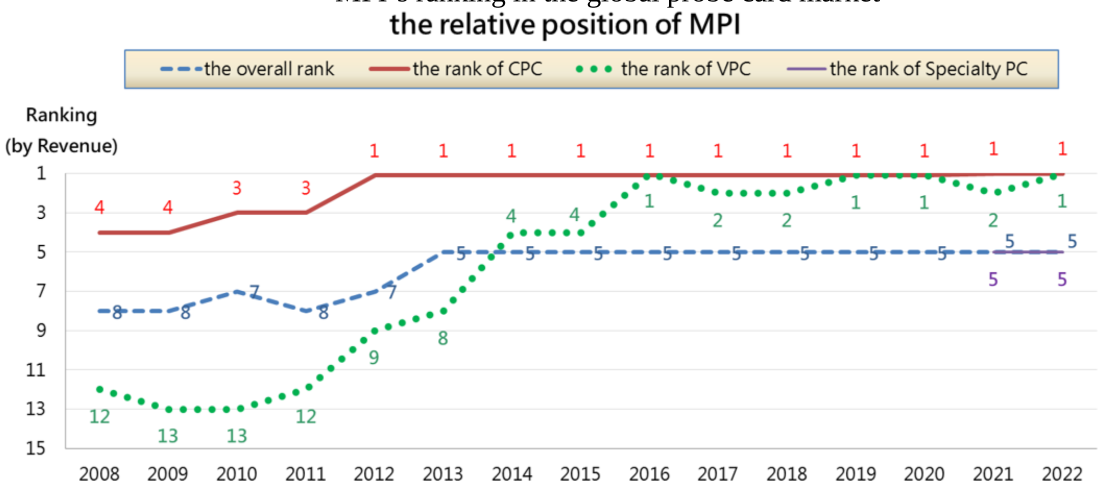
Global probe card market forecast



Source of data: Yole Group (2023/4); compiled by MPI (2023/4)

As mentioned in the Global Probe Card Market Forecast published by Yole Group in April 2023, the compound annual growth rate (CAGR) from 2023 to 2028 will be 5.8%, showing the pattern of steady growth in the global probe card market.

MPI's ranking in the global probe card market



Source of data: Yole Group (2023/4); compiled by MPI (2023/4)

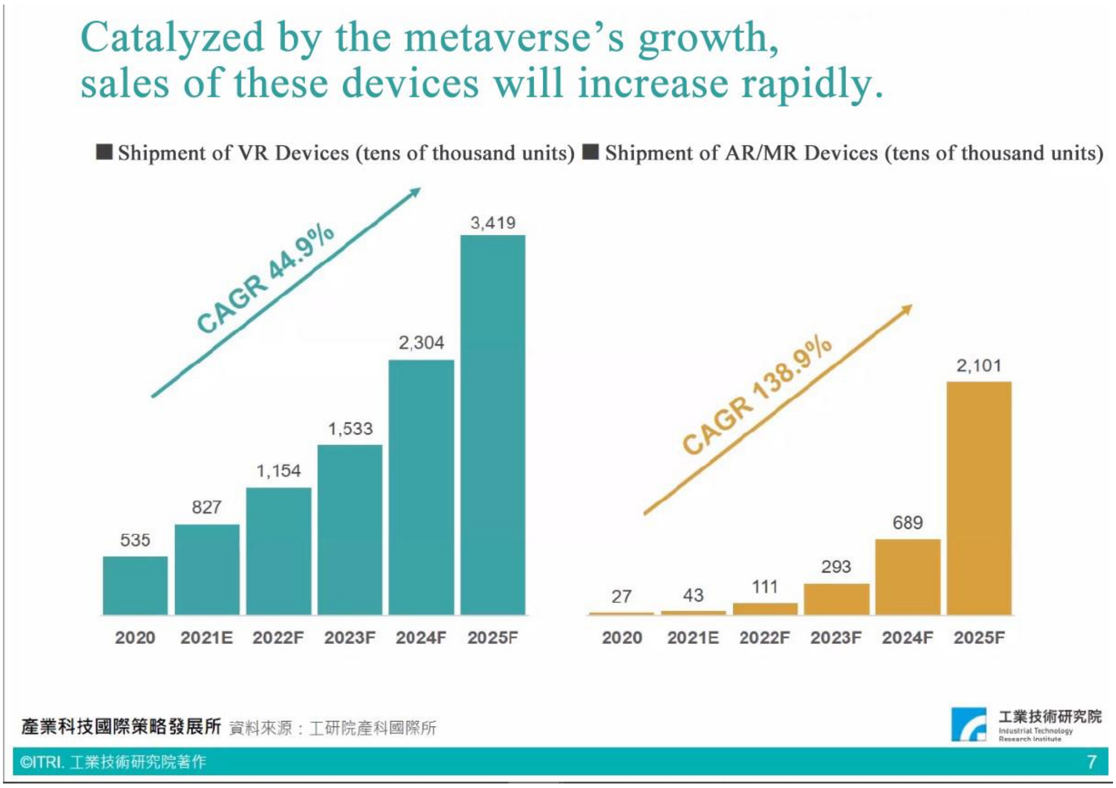
According to a research report on global probe card suppliers made by Yole Group in April 2023, MPI ranked the 5th place among other suppliers in 2013. Since then, we have kept investing resources and expanded the sales in order to stay ahead with the hope to advance and progress. In 2022, MPI ranked the 5th place in the global probe card market, where MPI had the highest global market shares of Cantilever Probe Cards and Vertical Probe Cards while it took the 3rd place in the logical IC testing probe card market.

Both our production value of probe cards and the global ranking gradually grow year by year. We have earned ourselves the leading place in the market. The operational strategies emphasize the R&D investment and technology innovation. We will keep growing by adopting leading-edge technology to maintain our competitive advantages.

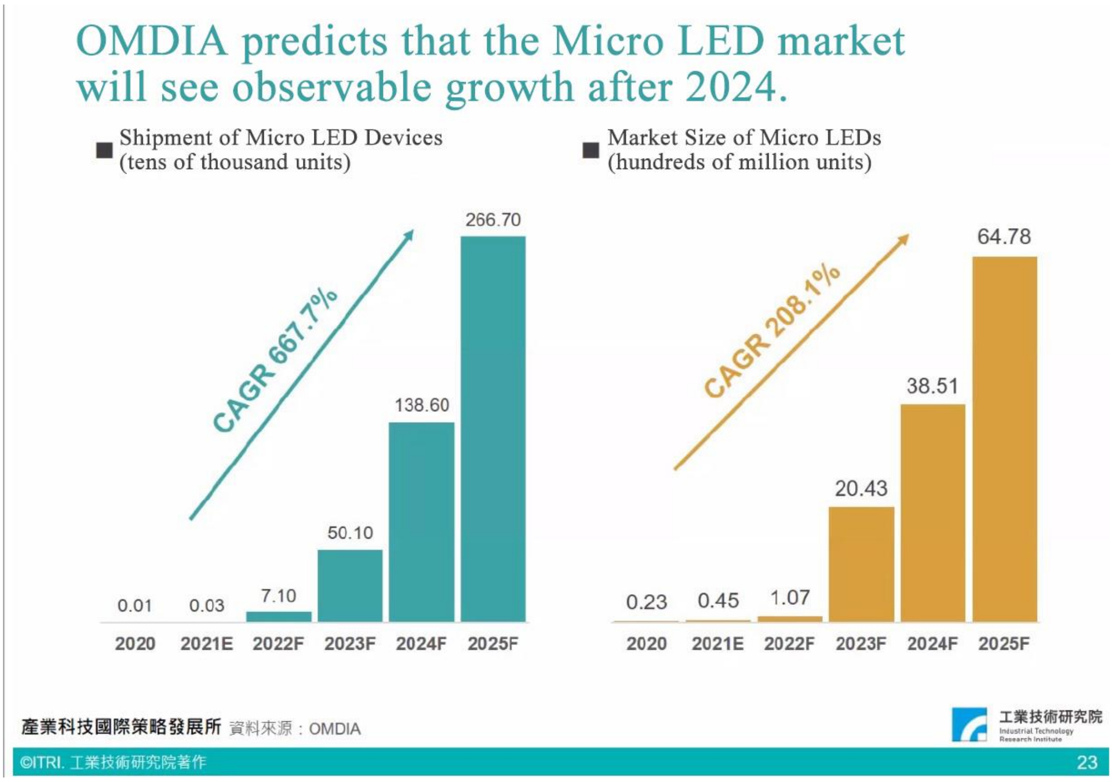
(b) Semi-conductor equipment

Under current industrial development trend, metaverse and self-driving cars are likely to be the primary focus, and they are expected to take part in people's living in the following five to ten years. According to the market research report, on the wave of metaverse, a tremendous ecosystem similar to that of smartphones will be formed. Head-mounted displays will soon be device necessitated to enter the metaverse, and catalyzed by metaverse's growth, sales of these devices will increase rapidly. Applying micro LED on VR/AR/MR devices will become the trend of future technology, and thereby fuel the growth of micro LED after 2024.

Source: 2022 Report by the Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute



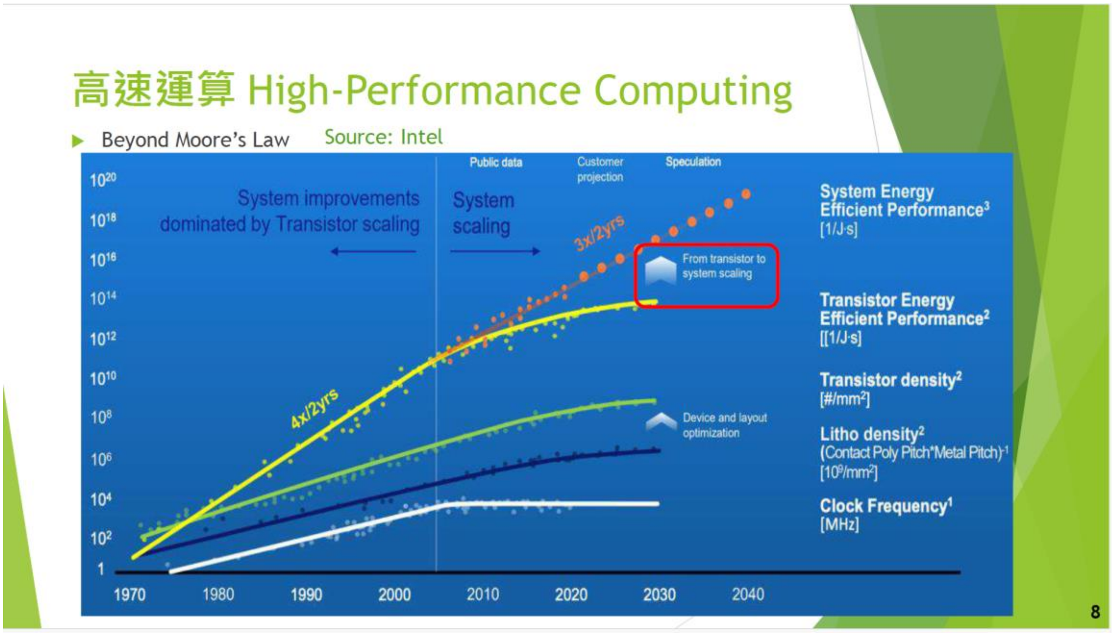
Source: 2022 Report by the Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute



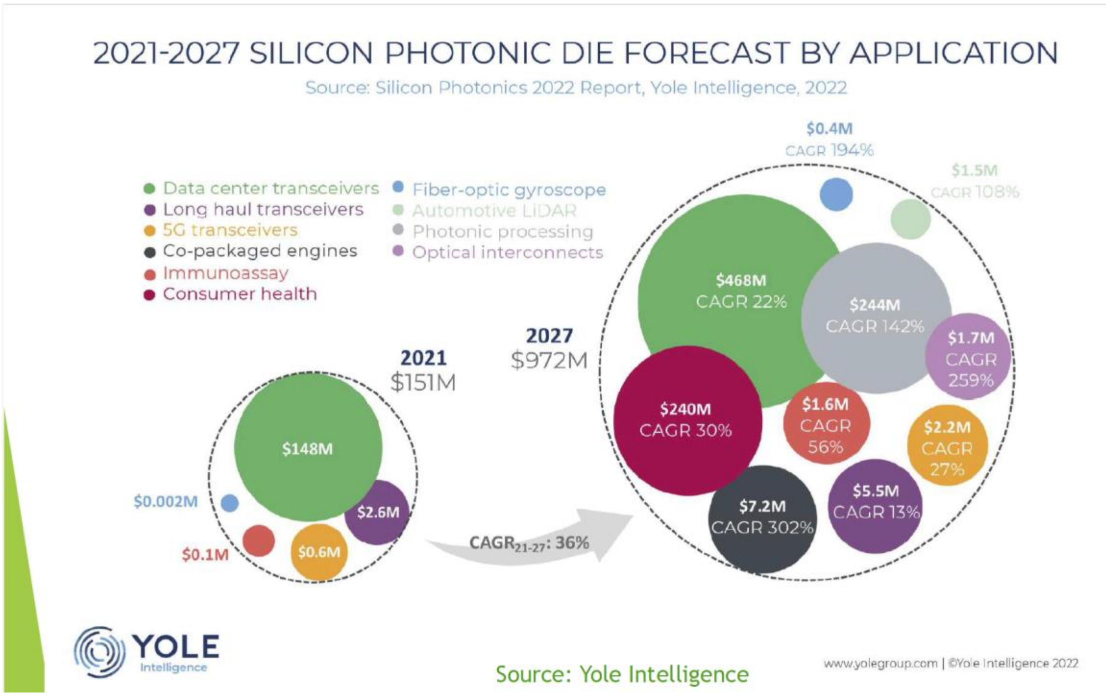
Source: 2022 Report by the Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute

The rise of artificial intelligence (AI) in recent years has driven the demand and application of large language models (LLM), such as ChatGPT, of which, transmission interface for large volume of data is an essential core component in addition to high-speed computing components. The volume of data on the Internet has grown exponentially following the technology development. Applications such as 5G, AI, self-driving cars and wearable devices AR/VR will produce more digital data in the world of unlimited network traffic, where the data transmission network system is the backbone to the rapidly expanding bandwidth. In the coming years, the 400G fiber optic network will become the mainstream for backbone network to replace the current dominating 100G architecture. In particular, the demand for bandwidth arising from the growth of hyperscale data center and supercomputing has been expanding.

Data Centers will become massive in scale, and a hyperscale data center may contain over 100,000 servers. To connect servers of such scale may require a tremendous number of wires. Despite the simplified design of connection that may decrease the number of wires used, the number of wires used increases thirtyfold to fiftyfold, instead of tenfold when the number of servers in a data center grows from 10,000 to 100,000. Silicon photonics components can address such application demand of the future generation using the existing technology and show a sixteenfold performance in comparison to a 100G transceiver. In addition to costs and performance, silicon photonics IC has the advantage in integration, which integrates separated components into semi-conductor circuits and is benefited from digitalization, in comparison to a traditional separated optical transceiver. The Co-Packaged Optics technology can package the silicon photonics transceiver components with high performance computing chips to achieve speedy data transmission of higher speed using the 2.5D or 3D semi-conductor packaging technology. According to the research report, before 2027, silicon photonics transceiver components will be applied in various industries that require large volume of data transmission and grow at a 36% CAGR.



Source of data: Intel



Source of data: Yole 2022 Report

(2) Status of domestic industry

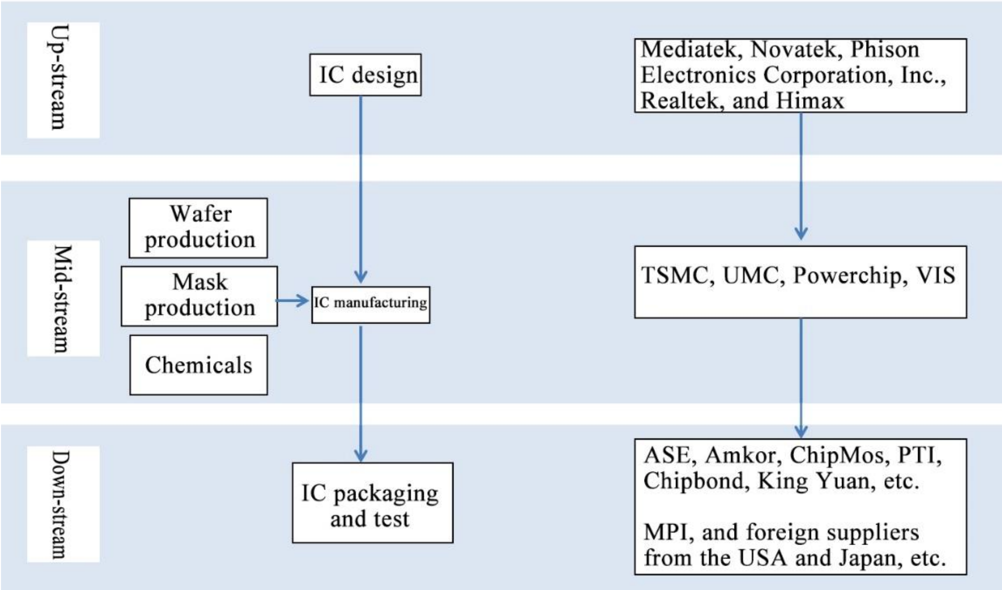
(A) Wafer probe card (semi-conductor industry)

The semiconductor industry is one of the most important industries in Taiwan. With the active support from the Government and much effort of the industry for decades, a comprehensive supply chain has been formed for the semiconductor industry; there is a complete industry structure and professional division of labor system. Professional companies in Taiwan have been engaged in the IC design in the upstream sector, wafer fabrication in the midstream sector, and IC packaging as well as testing in the downstream.

In 2023, Taiwan semiconductor industry underwent a period of inventory adjustment resulting in an overall decline. The IC design industry recovers as the inventory level of supply chain returns to normal, and the end market demand including dominating telecommunication products such as mobile phones and consumer electronic products has been picking up. In terms of wafer foundry, high-end smart phones and high performance computing have the potential to drive the growth of wafer foundry where the 3nm process started to generate revenue. The digestion of inventory of IC packing industry and urgent orders for consumer electronics such as high-end mobile phones and memory products are likely to slowly pull its revenue back to normal.

Relation Diagram for up-stream, mid-stream and down-stream dealers in the semi-conductor industry

Related technology **Representative suppliers**



Source of data: MPI

The Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute concluded that the output value of the semi-conductor industry in Taiwan (including IC design, IC manufacturing, IC packaging, and IC test) was NT$1,116.1 billion in Q3 of 2023, 10% up from Q2 and 10.2% down from the same period in 2022. Among which, the IC design industry's output value was NT$288 billion, which grew by 7.3% from Q2 and declined by 3.0% from the same period in 2022. The IC manufacturing industry's output value was NT$675.6 billion, which grew by 11.2% from Q2 and declined by 11.6% from the same period in 2022.

The data shows that the output value of IC manufacturing industry's wafer foundry business in the third quarter of 2023 was NT$631.6 billion, 11.8% up from Q2 and 11.4% down from the same period in 2022. The output value of memories and other manufacturing industry was NT$44 billion, which grew by 2.8% from Q2 and declined by 13.7% from the same period in 2022. In addition, the IC packaging industry's output value was NT$103.5 billion, increasing by 11.7% from Q2 and decreasing by 18.5% from the same period in 2022. The IC test industry's output value was NT$49 billion, 5.8% up from Q2 and 11.7% down from the same period in 2022.

The output value of Taiwan's IC industry is expected to reach NT$4.2975 trillion, a 11.2% decrease from 2022. The IC design industry's output value was NT$1.735 trillion, declining by 12.9% from 2022. The IC manufacturing industry's output value reached NT$2.6410 trillion, a 9.6% decrease from 2022.

The output value of IC manufacturing industry's foundry business was estimated at NT$2.4656 trillion in 2023, 8.2% down from 2022. The output value of memories and other manufacturing industries was NT$175.4 billion, 25.6% down from 2022. Meanwhile, the IC packaging industry's output value was NT$392.6 billion, a 15.8% decrease from 2022. The IC test industry's output value was NT$190.4 billion, declining by 12.9% from 2022.

Table. 2019~2023 IC Industry Output Value and Annual Growth in Taiwan

NT$ 100 million	23Q1	QoQ	YoY	23Q2	QoQ	YoY	23Q3	QoQ	YoY	23Q4(e)	QoQ	YoY	2023(e)	YoY
Output value of IC industry	10,084	-15.8%	-13.0%	10,150	0.7%	-18.0%	11,161	10.0%	-10.2%	11,580	3.8%	-3.3%	42,975	-11.2%
IC design industry	2,400	-7.7%	-27.3%	2,685	11.9%	-22.2%	2,880	7.3%	-3.0%	2,770	-3.8%	6.5%	10,735	-12.9%
IC manufacturing industry	6,279	-18.4%	-5.8%	6,075	-3.2%	-15.6%	6,756	11.2%	-11.6%	7,300	8.1%	-5.2%	26,410	-9.6%
Wafer OEM	5,873	-18.8%	-1.6%	5,647	-3.8%	-13.3%	6,316	11.8%	-11.4%	6,820	8.0%	-5.7%	24,656	-8.2%
Memories and other manufacturing industries	406	-12.7%	-41.8%	428	5.4%	-37.3%	440	2.8%	-13.7%	480	9.1%	3.2%	1,754	-25.6%
IC assembly industry	940	-17.5%	-14.5%	927	-1.4%	-19.4%	1,035	11.7%	-18.5%	1,024	-1.1%	-10.2%	3,926	-15.8%
IC testing industry	465	-12.6%	-11.4%	463	-0.4%	-19.5%	490	5.8%	-11.7%	486	-0.8%	-8.6%	1,904	-12.9%
Output value of IC products	2,806	-8.5%	-29.8%	3,113	10.9%	-24.7%	3,320	6.6%	-4.6%	3,250	-2.1%	6.0%	12,489	-14.9%
Global Semiconductor Market (unit: US$100 million) and Growth rate (%)	-	-	-	-	-	-	-	-	-	-	-	-	5,161	-10.1%

Note: Output value of IC industry=output value of IC design industry+IC manufacturing industry+IC assembly industry+IC probing industry

Source of data: The Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2023/12)

As demand meets supply in 2024 and the recovery of consumer market, the semi-conductor industry will bounce and reclaim growth. Taiwan has the advantages of owning the most advanced packaging capacity and heterogeneous integration packaging technologies in the world, which can satisfy the demand for highly integrated and high performance chips of end electronic products from the globe. Based on a forecast provided by the Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute, the growth rate of global semi-conductor packing industry in 2024 will be 9.1%. The probe card industry relies significantly on the semi-conductor industry, so opportunities arising from end applications, such as the booming demand for advanced packing, steady growth of demand for testing and new material introduction in the semi-conductor industry will all continuously fuel the growth of the probe card market.

(B) Semi-conductor equipment

In the global semi-conductor industry's supply chain, Taiwan always plays an important role for foundry and manufacturing. Besides, given the US-China trade war, Taiwan remains as the most critical semi-conductor production location in the world. In order to capture opportunities arising from the rising trend of metaverse and self-driving cars in the future, several domestic leading gallium arsenide (GaAs) manufacturers have successively expanded their production capacity. When expanding, their needs for high-end semi-conductor equipment hence increase.

The Company's consistent commitment in developing and applying the engineering and massive production equipment required in various manufacturing processes of semi-conductor components. In addition to the complete process solutions for traditional wafer level testing and sorting equipment. It has been active in cooperating with world-class manufacturers who have leading technology to develop a variety of testing equipment required in the semi-conductor mass production processes. With the rise of photoelectric sensor applications such as VCSEL, LiDAR and Silicon Photonics, the Company uses the best effort to collaborate with international companies and academic institutions owing leading technologies to improve relevant core technologies and grow with the industry in a challenging environment.

(B) Correlation between the up-stream, mid-stream and down-stream dealers in the industry

The Company's main products include wafer probe cards and semi-conductor equipment. The complicated machining process in the machinery industry requires lots of components/parts, so some part machining in the manufacturing process is outsourced to subcontractors. In terms of the correlation between the up-stream and down-stream in the industry, the Company is identified as a down-stream company engaged in R&D, design & assembly and selling of various wafer probe cards and machines to companies in the semi-conductor and LED industries. The up-stream companies are responsible for supplying parts/components and raw materials including PCB, probes, microscopes, slide rails and automatic control components. The correlation between the up-stream and down-stream companies in the industry is as follows:

A. Wafer probe card:

Up-stream	Mid-stream	Down-stream
Measuring instrument industry		
PCB industry	Probes for probing	IC design industry
Ceramic industry	Special jigs	IC manufacturing industry
Synthetic resin manufacturing industry	Wafer probe card probing device	IC probing industry
Passive component industry		

B. Semi-conductor equipment:

Up-stream	Mid-stream	Down-stream
PCB industry	Computer	LED industry
Machinery processing industry	Automated control testing jig and equipment	Optoelectronic manufacturing industry
Automatic control components	Probes	Split-type component industry
Measuring instrument industry		Communication industry
Computer device industry		Semi-conductor wafer test industry
Optoelectronic components		
Electronic parts		

(C) Development trends of products

(1) Wafer probe card (semi-conductor industry)

The development of probe cards has high correlation with that of electronic packaging in the IC industry. For the time being, the demand for System in Package (SiP), CoWoS, 2.5D & 3D IC Packaging, Fan Out Packaging, MEMS and Sensor Packaging, and high-frequency tests still relies on different probe testing technologies. The IC industry imposes very strict cost requirements at the packaging and test stage. Meanwhile, following the evolution of IC process technology, the technical requirements for the packaging and test stage is also getting stricter and stricter.

The following nine development trends are concluded:

①Miniaturization of needle gage

The overall semi-conductor technology would continue to make progress in the miniaturization of circuit interval. In response to the future micro technology for IC process and continual miniaturization of the chip size, the Company will construct the bonding technology with a view to pursuing the shortest connection length, best electrical characteristics, and high output/input contact density so as to cut the IC size and increase the number of unit dies. Better fine pitch technology for the wafer probe cards will be developed to comply with the requirement of IC process.

②Processing of high-speed signal interruption

The System in Package (SiP) and multi-chip packaging systems have become the mainstream in the IC development. As the SiP cost still stays high, it is necessary to confirm the yield of each single chip and probe testing performed on each chip in the chip stack before proceeding with the multi-chip packaging, and complete the packaging upon confirmation of the yield rate to prevent any additional expenditure. As it is necessary for high-speed signals in the System in Package (SiP) and multi-chip packaging to deal with certain problems about integration of signals and electromagnetic interference (signal performance), the technical difficulty is also increasing.

③Processing of problems about thermal effects

The applicable working environment of different IC products varies. Using environment (high and low temperature) of the product shall be simulated during wafer probing to ensure the impact of temperature will not affect normal operation of the electronic circuit of the IC product.

Test of these chips needs to take into account thermal effects or high and low temperature testing issues. The thermal effect problem derived from the high performance chips becomes critical at the wafer testing stage and back-end packaging stage. Meanwhile, the increasing demand for in-vehicle chips also signifies the importance of thermal effect problem. Some wafer types might require longer testing time and more complicated testing environment. Therefore, the probe card design must consider the increase/decrease in temperature and temperature restrictions and changes in the probe cards caused by the thermal effect at the time of wafer testing.

④HF high-speed probe card

In consideration of the increasing high speed SerDes interface applications, such optical fiber transmission communication interface testing requires the precision of fiber alignment strictly required. The test needed by optical communications also needs to rely on some new test method. It is necessary to develop new probe card designs to overcome the bottleneck suffered by the optical communication test currently.

Due to the increasing demand of 5G communication, in-vehicle electronics, VR wireless transmission, internet application in the recent years, the demand for high-speed communication chips multiplies drastically. The demand drives the development of IC in the high-speed signal communication field. The most important thing in the design of high-speed communication chips is the signal transmission. Therefore, the impedance matching of the signal transmission path and completeness of signal are significant. The circuit design and manufacturing precision of the probe card are the development keys for ensuring the completeness of signal transmission.

⑤Multi-chip parallel testing

The strategy for the probe card that is able to complete multi-chip probing with only one contact adopted in order to save the probing time and improve cost effectiveness has increased the difficulty in designing probe cards. In the meantime, in order to achieve the purpose of multi-chip parallel test, more number and larger size of chips must be designed for the same test. Meanwhile, it is necessary to achieve the consistency between DUT and DUT and control fair flatness, etc.. Fulfillment of said requirements need to rely on better probe card design and manufacturing technologies.

⑥Application of different semi-conductor materials and technology

The innovation and development of new semi-conductor process and technology will lead to the creation of different types of chip bonding pads and materials. The probe card technology will vary when using different bonding pad materials with DUT.

⑦Low contact resistance

In order to meet the requirement of energy reduction for the portable mobile devices, the voltage during the operation will become lower. As a result, contact resistance applied when the probe card is probing the chip shall not be too high. Therefore, probe card with low contact resistance is the focus of the design and development.

⑧Few pin cleaning

The poor quality of pin contact on the probe card will fail to deliver the probing function. Cleaning thus is needed for continuous probing. However, the pin contact will be worn during cleaning the life span of the pin will decrease as a result. Therefore, developing probe cards with less cleaning need has become a key for the product.

⑨High-power chip testing

The demand for high-power and high-voltage power chips rises rapidly in the industrial, communication and netcom equipment markets. This renders the IC manufacturers to develop related products. Industrial equipment, communication equipment and netcom equipment need high-power chips that allow high current input. Therefore, the development of the probe card applicable to high-power chip probing becomes a significant trend.

(2) Semi-conductor equipment

①Electrical property measurement capability

In order to apply the Micro LED in the wearable devices such as AR and VR, in addition to the um level of IC size, the relevant current measurement capability shall meet the level of pico Amp where optical power should reach the nano Watt level as well. Therefore, the related equipment and measurement capability shall meet the mentioned standard that in comparison to traditional LEDs or Mini LEDs is much more demanding in terms of precision and capability of photoelectric measurement.

Moreover, in the application environment on an on-board equipment for VCSEL component, e.g. LiDar, large power output is required for remote terrain features detection, therefore, in a wafer-level measurement, nano second pulse and high current are essential test conditions. IC test probes integrated with high speed measurement system and high-current-driver IC are the development goal for the next phase.

②Optical coupling precision

The optical aperture of silicon photonics components has been reduced below 10 um level, so higher preciseness of mechanical positioning accompanied by nanoscale optical coupling capability is required to achieve the measurement of optical waveguide tube property of silicon photonics.

③Automatic production

Currently, the labor cost continue to hike, so the production of photoelectric components industry starts to align with that of semi-conductor industry by introducing massive amount of automatic production equipment and procedures. Multi-probing decentralized photoelectric test system provides the maximum production within the minimum space and can be integrated with wafer sorter in an unmanned factory to achieve best performance.

④Production management

In addition to the output efficiency of a single machine, the output efficiency of a whole production line is also an important indicator for each fab. The integration of the data flow and the most efficient production process, and the application and design of machines must be improved non-stop.

(D) Status of competition of products

Name of primary competitor, and business lines or competitive business lines of the competitor

(1) Wafer probe card

According to a Yole Group’s research, MPI is the leading professional wafer probe card manufacturer in Taiwan, and among all Taiwanese probe card manufacturers, MPI is the only one who ranks top 5 in the global market. Its major competitors are world-class manufacturers from abroad.

The others in the same trade	Competitive products
JEM TAIWAN PROBE CORP. (a company incorporated by Japan-based JEM in Taiwan)	Wafer probe card
SV Probe (Taiwan Branch of the U.S.-based Nidec SV TCL Group)	Wafer probe card
FormFactor (a branch company of the U.S.-based FormFactor)	Wafer probe card
Technoprobe Taiwan Co., Ltd. (Taiwan Branch of the Italy-based Technoprobe Group)	Wafer probe card

(2) Semi-conductor equipment

The Company’s semi-conductor equipment has earned the recognition from the customers with the outstanding technology and performance. With the growth of the photoelectric industry, more and more local equipment manufacturers start to develop related semi-conductor equipment. We maintain our leading position in the highly competitive market with our own technology, the philosophy of “Customer First”, and high production volume. The competitors are described as follow:

The others in the same trade	Competitive products
OPTO tech. Co., Japan	Wafer prober Die bonder
Fittech Co.,LTD	Wafer prober
Chroma ATE Inc.	Wafer prober
Cascade, USA	Wafer prober
Hauman Technologies Corporation	Wafer prober
WeiMin Industrial Co., Ltd.	Wafer prober Die test device
SIDEA, China	Wafer prober
BOST, China	VCSEL testing system
SIDEA, China	VCSEL testing system

(III) Overview of technology and R&D

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

Unit: NTD thousand

Year	2023	As of March 31, 2024
R&D expenses	830,188	217,232

2. Technology or product developed successfully in the last five years

Year	Technology name/product name
2023	Development plan for large coverage, high-pin-count MEMS probe cards applied in the test of high-end smart phone application processor ICs Development plan for large coverage MEMS probe cards applied in the test of automotive ICs Development plan for probe cards used in the high-speed test (112Gbps PAM4) of high performance computing ICs Nanosecond pulsed wafer level test system for high-performance Laser Diode and VCSEL. Compound semi-conductor automated mass production equipment
2022	Development plan for vertical probe cards used in the test of application processors of advanced CoWoS packaged data center (HPC) Development plan for fine-pitch (70um) full-array micro-electro-mechanical vertical probe cards Development plan for high-end substrate resistance tester with automated adjustable probe pitch. Micro LED multi-channel high-speed and low current measurement equipment. Nanosecond pulsed wafer level test system for high-performance Laser Diode and VCSEL. Compound semi-conductor automated mass production equipment
2021	Development plan for fine-pitch (80um) full-array micro-electro-mechanical vertical probe cards Development plan for high-speed module probe cards for high speed signal test (≧2.5Gbps) on low-end testing machines. Development plan for structure-strengthened fine-pitch vertical probe cards 8-inch Micro LED wafer level multi-probing decentralized photoelectric test system. Nanosecond pulsed wafer level test system for high-performance Laser Diode and VCSEL. New-generation immersive user interfaces
109	Advanced vertical type probe card (FW) development plan Low/medium/high-frequency signal (Hybrid Pogo) probe card development plan

	Adjustable probe card device for high-level bond substrate impedance testing development plan Micro LED wafer level high-speed photoelectric measurement system. Wafer level test system with high-speed, high-current and high-power Laser Diode and VCSEL. Three-temperature full automatic probe station, wafer-level and PCB-level photoelectric measurement PCB
108	High-speed spring-loaded type probe card development technology Micro-distance vertical probe card development technology VCSEL wafer level automated three-temperature probing device S2CT Prober Multi-band photocurrent measurement technology for photo diodes Micro LED small contact force probing technology

(III) Long- and short-term business development plans

1. Long-term business development plan
   (1) Develop the market in the U.S.A. to support customer's need;
   (2) Apply accumulated technology and human resource to develop horizontally in the e-testing field;
   (3) Train human resource and ability in internationalized division of labor and production & marketing;
   (4) Continue to improve the enterprise's constitution in all respects;
   (5) Accelerate domestic application of thin chips; and
   (6) In the case of sufficient sources of materials in the future, extend the business lines of crystal growth fab.
2. Short-term business development plan
   (1) Enhance HR training
   (2) Market development & marketing
   (3) Establish various departments' routine management systems and fulfill departmental management

II. Overview of market and production & marketing

(I) Market analysis

1. Territories where main products (services) are sold (provided)

The Company primarily sells (provides) the products (services) in Taiwan. Other sales territory includes the USA, Japan, Europe and China. The main wafer foundries, fabless IC design companies and OSAT fabs are all customers of the Company.

2. Market share

MPI specializes in design and manufacturing of semi-conductor wafer probe card for probing, which is the largest manufacturer in the relevant field. Among the other competitors in the same trade, MPI is the one with the most complete production capacity, R&D and manufacturing ability and financial structure.

According to the 2022 Global Wafer Probe Card Research Report published by the international market survey organization, Yole Group, in April 2023, MPI ranked the 5th among all probe card manufacturers in the globe while ranking the top globally in the cantilever probe card category.

MPI, as the leader in Taiwan's probe card market, provides a variety of probe card products covering cantilever, vertical, LCD-driven IC, high frequency high speed, and MEMS probe cards, and sets a benchmark of quality and sales for its local peers.

3. Future supply & demand and growth of market

(1) Demand:

Taiwan owns the most complete industry clusters and robust up-stream and down-stream supply chain, i.e. competitive advantages residing in the semi-conductor industry of Taiwan. Given the smaller IC assembly size and increasing assembly cost, wafer tester has become a very important part of the IC manufacturing process. Therefore, the demand volume of wafer probe cards and IC output are correlated at a certain level.

Recently, functions of the consumable electronic products become more complicated and diverse. 5G communication, high performance computing (HPC), automobile/industrial application and AI are developing. Consumers want the products to be light, slim, short, and small. Their demand for functionality increases. Domestic and foreign leading semi-conductor suppliers continue to increase capital expenditure and expand production capacity in order to take up more market share. In addition to the increase of chip production volume, the chip packaging technology aims at slim type chip, low-cost system and high performance. Therefore, the requirement for wafer probing test will become stricter.

Taiwan's wafer foundry industry ranks the first place in the world, and packaging and test industry also the first place and IC design industry the second place globally, only after the USA. The semi-conductor industry's comprehensive clustering effect appears to be the competitive strength of Taiwan's semi-conductor industry.

The packaging and test industry is growing with IC manufacturing and IC design industries simultaneously. All of them form the force to keep Taiwan's semi-conductor industry growing. As the probe card is primarily applied to inspection of the yield rate of wafers, the wafer foundry industry's development is expectable. Meanwhile, the probe card market is expected to grow therefor. The design of the probe card is getting complicated, and this results in the requirement for the quality and volume of probe cards from the semi-conductor industry.

(2) Supply:

The competition in the global probe card market is highly-competitive. Each probe card supplier specializes in different products and technology, and collaborates with different customers. For example, some foreign suppliers tend to have more control in the memory products. MPI Corporation has been a leading company in the domestic market, and specialized in cantilever probe card, LCD driven IC, and vertical type and high-speed HF probes cards. Currently, most domestic companies are the long-term customers of MPI Corporation. MPI Corporation has been actively developing major foreign markets to meet the market needs with its probe cards, while having a foothold in Taiwan and keeping a close watch on the development of industrial technologies in Taiwan.

MPI's manufacturing technology for the products of high pin count, fine pitch and high-speed/high-frequency has matured. We are the leading company with the established technology in the industry and provide the products including cantilever, vertical and MEMS probe cards. We are able to provide probe cards for general probing and high-frequency probing. With the advantages of fine pitch and high DUT count, the wafer probing cost can be saved and the probing precision will increase. MPI will uphold the idea of technology innovation to continue putting ourselves in the R&D work of the advanced probe cards of the next generation.

4. Competition niches

(1) With the outstanding and stable technology and products we provide, we have established a stable cooperative relationship with the customers over the years.

(2) We provide total solution, real-time customer service and know how application of relative fields for the customers.

(3) Continuous innovation: In the ever-changing technology industry, the application of new technology and the demand for new technology need to be satisfied. In addition to the continuous investment of resources in R&D for ensuring our leading place, MPI invests a great amount of R&D budget for technology development, especially for new technology skill development. These will make sure MPI stays competitive in the industry and that technical barriers are created. For the market of advanced vertical probe cards, the Company has direct contact with the foreign IC design companies. We have established a close directly to establish partnership and invest lots of R&D resources to ensure the growth in the future.

(4) Complete patent strategy: We have filed 1,390 patent applications with a total of 1,024 patents granted (published) (Until the end of 2023).

5. Advantages and disadvantages for future development, and the countermeasures

(1) Advantages

(a) The product quality and stability have been recognized by most domestic/foreign leading semi-conductor manufacturers. We have successfully entered the supply chain of international manufacturers. The Company is recognized as the best supplier by the public domestically.

(b) We possess complete and diversified R&D capacity and talents. We are able to make careful and complete plan with for the development trend in the industry in the future.

(c) The market tends to favor the high pin count, fine pitch and high-speed/high-frequency design for signal transmission. The Company is highly competitive since our products have high quality and are stable. We hope the expanding market demand will boost the Company's operating revenue.

(d) Complete product line: With our core automated technology, we continue to develop various automatic applied technology. The products are designed to allow rapid replacement to meet different requirements. They are applicable to relative product testing in the semi-conductor industry. This will greatly reduce the risks caused by economic condition change of single-industry structure.

(e) Sensitive market control ability: We own the complete sale and service channels that can reflect the market conditions immediately as feedbacks to ensure our competitiveness.

(2) Disadvantages

(a) Small-scale suppliers might engage in price war to survive in the industry. This will increase the risk in market price fluctuation.

(b) The growth of the traditional wafer probe card market is limited. Therefore, it is necessary to continue developing MEMS and vertical probe card technology to satisfy the need resulting from the substantial growth of the advanced packaging.

(c) Most of the precise mechanical parts of automated probing equipment are imported from abroad. The cost is high and the delivery period is long. These might cause difficulty for on-time delivery to the domestic customers.

(3) Countermeasures

(a) We will upgrade the production quality of wafer probe cards and shorten the delivery term to satisfy customers' need and get a reasonable price.

(b) We will invest resources in R&D to cope with new technical challenges and ensure our leading position.

(c) We will improve the probing equipment business and perform market survey to increase the accuracy of market demand forecast. Moreover, we will establish the safety inventory amount for parts/components imported from abroad according to the market demand. Semi-finished product inventory system will be established to ensure the fulfillment of the delivery term.

(IV) Usage and manufacturing processes for the main products

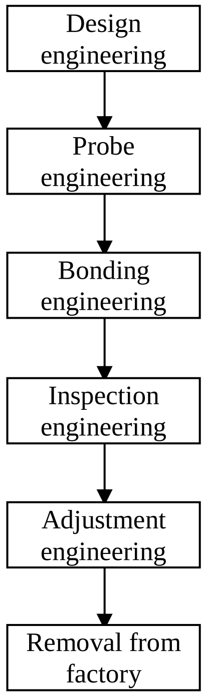
(1) Important purpose of main products:

Product or service	Main purpose or function
Wafer probe card for wafer probing	The measuring interface at the wafer probing stage is the bridge between the wafer to be tested and the probing device. It is widely used on the wafer level probing for logic components, memory components and LCD driver components.
Wafer probe card for LCD Driver IC Final Test	The testing interface after packaging is the bridge of signal transmission between the LCD Driver IC to be tested, tape and the probing device.
Vertical probe card	The measuring interface at the wafer probing stage is designed for the wafer probing and need for flip-chip products.
MEMS probe card	The measuring interface at the wafer probing stage is designed for the wafer probing and need for flip-chip products.
Semi-conductor die testing equipment	It is used to test the optical properties of the die and perform data analysis for the bin value after the photoelectric semi-conductor wafer is manufactured.
Semi-conductor die testing and	It is used on the sorting of dies based on their optical

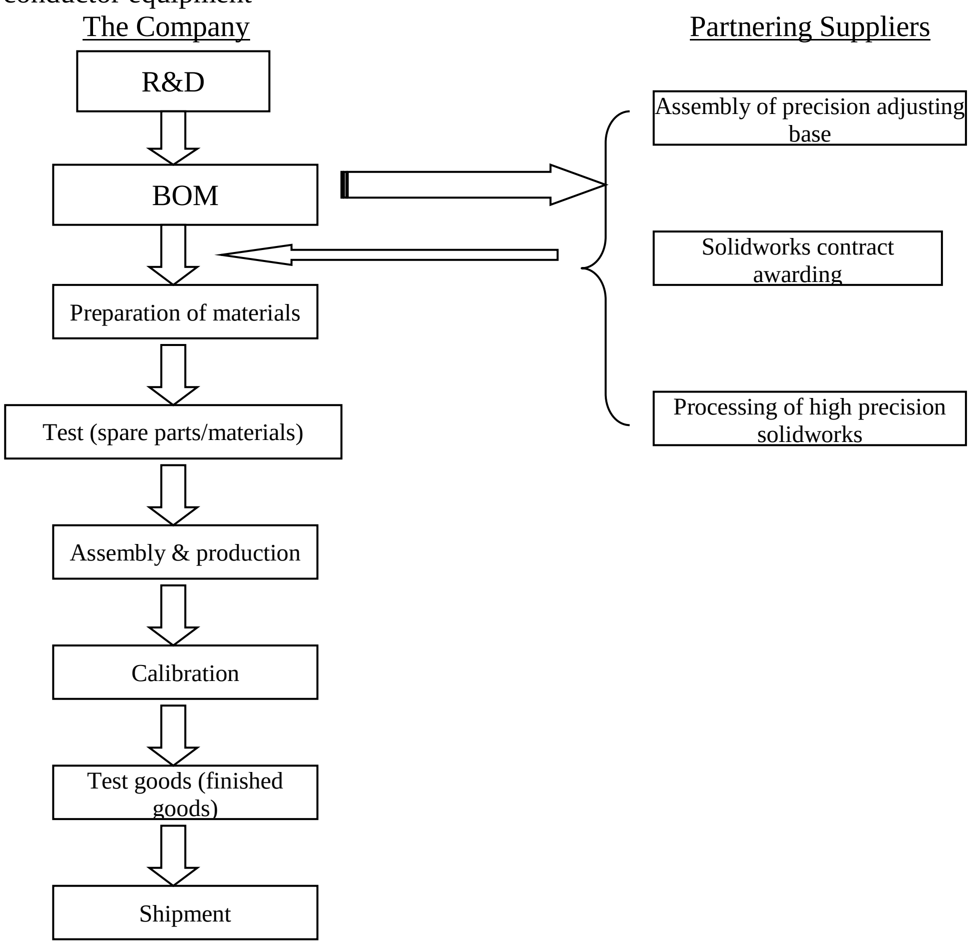
sorting equipment	properties after the photoelectric semi-conductor die is manufactured.
Automatic AOI equipment	The equipment will sort out and mark the die with defects by adopting AOI after the photoelectric semi-conductor testing and sorting are complete.

(2) Manufacturing process of products

(a) Wafer probe card



(b) Semi-conductor equipment



(V) Supply of major raw materials

The Company's main products include wafer probe cards and semi-conductor equipment series. The raw materials and supplies required by wafer probe cards include PCB, probes, tubes, etc., while those required by semi-conductor equipment include microscope, lathe, milling machine, screw track, motor, industrial computer, etc. The Company maintains fair collaborative relationship with domestic/foreign raw material suppliers, and keeps working with two (2) or more suppliers of key materials and spare parts to enable flexible procurement and diversify the risk of concentration of raw materials.

(VI) List of major suppliers and customers

(1) Name list of any suppliers that have supplied 10 percent or more of the Company's procurement in the recent two (2) years

Unit: NTD thousand

2022				2023				Up to the end of first quarter of 2024			
Name	Amount	Annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Net procurement ratio as of Q1 of the current year (%)	Relationship with the issuer
Others	1,788,030	100.00%	N/A	Supplier E	186,288	10.32%	Non-related party	Others	479,602	100.00%	N/A
				Others	1,619,551	89.68%	N/A				
Net procurement	1,788,030	100.00%		Net procurement	1,805,839	100.00%		Net procurement	479,602	100.00%	

Explanation for increases or decreases: There was no supplier accounting for 10 percent or more of the Company's total procurement in 2022; Supplier E was the supplier accounting for 10 percent or more of the Company's total procurement in 2023.

(2) Name list of the customer to whom the Company has sold 10 percent or more of the Company's sales in the recent two (2) years

Unit: NTD thousand

2022				2023				Up to the end of first quarter of 2024			
Name	Amount	Annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Net sales ratio as of Q1 of the current year (%)	Relationship with the issuer
Others	7,411,929	100.00%	N/A	Others	8,147,112	100.00%	N/A	Others	2,046,692	100.00%	N/A
Net sales	7,411,929	100.00%		Net sales	8,147,112	100.00%		Net sales	2,046,692	100.00%	

Explanation for increases or decreases: There was no customer accounting for 10 percent or more of the Company's total sales in 2022 and 2023.

(V) Production value over the last two (2) years

Quantity: probe card: PIN

Unit Quantity: Equipment: Set

Unit Value: NTD thousand

Year / Output / Main products (or by department)	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Wafer probe card	16,000,000	14,723,596	4,158,201	17,280,000	14,975,602	4,325,390
Semi-conductor equipment	1,100	1,074	2,626,178	1,180	1,031	3,174,179
Total	16,001,100	14,724,670	6,784,379	17,281,180	14,976,633	7,499,569

(VI) Sales value over the last two years

Unit quantity: Probe card: PIN

Unit Quantity: Equipment: Set

Unit value: NTD thousand

Year / Sales Volume Amount / Main products (or by department)	2022				2023			
	Domestic marketing		Export		Domestic marketing		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wafer probe card	5,075,456	1,741,981	9,548,132	2,387,976	3,507,725	1,216,647	10,775,256	2,908,694
Semi-conductor equipment	98	282,861	759	1,812,702	75	250,273	765	2,335,867
Others		100		1,213,555				1,435,631
Total		2,024,942		5,414,233		1,466,920		6,680,192

III. Employee information

Information about the employees employed for the recent two (2) years and as of the date on which the annual report is printed

Year		2022	2023	The current fiscal year up to April 30, 2024
Number of employees	Indirect employees	839	855	864
	Direct employees	799	826	837
	Total	1,638	1,681	1,701
Average age		37.7	38.2	38.3
Average years of service		8.89	9.43	9.54
Education (%)	Doctoral degree	0.31	0.30	0.35
	Master's degree	16.24	17.25	17.29
	University/college	68.86	68.35	68.49
	High school	14.16	13.68	13.46
	Below high school	0.43	0.42	0.41

IV. Environment protection expenditure information

(I) The Company has been verified for its environmental management system (ISO 14001), and the latest certificate is valid from September 20, 2022 to September 19, 2025. We review the impact of the process on the environment and continue to make improvement. The Company has established a service unit responsible for managing, maintaining and improving the environmental management system. It is also responsible for the external and internal communication regarding environmental issues. The impact our products have on the environment during the manufacturing process is slight. The main pollution includes waste, air pollution and wastewater. We put emphasis on pollution prevention work to reduce the impact on the environment. MPI endeavors to the establishment of the pollution prevention equipment, hoping to decrease the effect of pollution under effective management. We perform inspections on the operations, and the employees in charge of the production line have better environmental awareness now. The Company establishes annual improvement plan and executes control on the discharge of polluted air, water and waste in the hope to prevent pollution and realize our commitment to reducing environmental impact.

1. A permit for polluting facility establishment or a pollution discharge permit must be acquired, the pollution prevention fee must be paid or a designated unit for environmental protection must be established according to the legislations. The status of the application, payment and establishment are listed down below:

   (1) According to the environmental protection laws and regulations, the Company's 2nd Plant in Zhubei, Xinpu Plant and Hukou Plant have acquired the water pollution prevention permit and operation permit for stationary sources of pollution. Designated personnel for polluted water discharge (class B) and designated personnel for air pollution prevention (class A) are established.

(2) The Company reports and pays the pollution prevention fee according to the environmental protection laws and regulations.

2. The Company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: The pollution prevention equipment is used to process the wastewater and gas from the manufacturing process and reduce environmental pollution in compliance with environmental laws and regulations.
3. The process undertaken by the Company on environmental pollution improvement for the most recent fiscal year and up to the annual report publication date. If there had been any pollution dispute, its handling process shall also be described : There has been not any environmental pollution dispute in the most recent year and up to the annual report publication date.
4. Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: The Company did not commit any incident in the most recent fiscal year and up to the annual report publication date.
5. Explaining the current condition of pollution and the impact of improvement on the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming 2 years: None.
6. Information about RoHS: Not applicable, due to the characteristics of the Company's business lines.

(II) 95% of the Company's energy consumed was the electricity purchased externally, so the Company has been working on electricity consumption reduction by installing the central monitoring smart energy saving system on major energy-consuming equipment, such as water chiller, at specific plants, to inspect their condition and detect errors. It also responded to the government's energy saving policy by setting the 1% electricity saving goal at plants whose contracted capacity is over 800KW. The average electricity saving rate for the most recent 3 years was 1.4%, and a total of 1.5 million kWh electricity has been saved.

(III) The Company launched the greenhouse gas inventory in the organization in 2022 and set 2022 as the base year. In the first year, the regulations governing greenhouse gas inventory for all of the Company's plants were adopted. The Company was subsequently verified under the ISO14064-1 Greenhouse Gas Inventory standard in October, 2023. In the future, it will formulate a greenhouse gas reduction plan based on the government's policy to achieve the goal of emissions reduction.

V. Labor relations

(I) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements made between employers and employees, and the protection of employees' rights:

(1) Employee welfare:

The Company drafts and promotes various welfare primarily to ensure the safety and health of the employees in work. The Employee Welfare Committee organized by employees enables employees to enjoy participating in planning and implementation of physical activities, in order to make the activities more characteristic and practical to achieve the purpose of physical and mental relaxation. The Company also realizes that employees symbolize the important drive boosting the Company's growth. In addition to operating said Commission to process employees' welfare, the Company also provides the following benefits:

(a) Favorable yearly salary for the promotion of the quality of life.
(b) Dragon Boat Festival and Mid-Autumn Festival bonus, annual bonus and gift certificates for the three major holidays.
(c) Remuneration payable to employees depending on work performance to have employees share profit,
(d) Regular wage adjustment based on the work performance.
(e) Performance bonus based on the work performance.
(f) Allowances for domestic and overseas travels, purchase of books and recreational activities.
(g) Flexible paid leaves superior to those specified in the Labor Standards Act
(h) The canteen established by the Company provides four free meals per day to take care of the employees' health.
(i) Free health examinations are available to employees every year. We employ professional physicians to provide free health consultation for the employees at factories twice every month.
(j) Offering subsidy for housing, free parking lots for automobiles and motorcycles, fitness and aerobics rooms etc.
(k) Comfortable reading place with free books, newspapers, and magazines.
(l) Free self-made coffee and tea bags, and agency sale of coupons.
(m) Subsidies for wedding, funeral and childbirth.
(n) Comprehensive education and training
(o) Labor, health and group insurance programs, and labor pension
(p) Employee Stock Ownership Trust

Implementation of employee welfare measures in 2023:

Tourism activities	Number of subsidy recipient	Amount of subsidy
Subsidy for employee travel	1,622 persons	92,956,761 (NT$)

Other activities	Number of participant
Drawing and guessing game in Lantern Festival	1,335 persons
Social event	20 persons

Sing! MPI 2023	1,093 persons
Singe-day tour for employees	632 persons
Basketball contest	118 persons
Moon Festival gift boxes	1,681 persons
Bowling game	167 persons
Red envelopes	1,702 persons
Christmas lottery	1,143 persons
Year-end party	1,708 persons

(2) Continuing education and training systems, and the status of their implementation:

The Company has the dedicated personnel from HR Dept. arrange and plan the competency education and training courses (including the training courses co-organized by other entities and units commissioned by the Company), to be in line with the Company’s operating policy and development objectives, upgrade the employees’ quality, enrich their basic knowledge, improve their skills and exert their potential, and also to be in line with the propagation under laws and regulations. The Company’s education training systems are categorized into internal training, external training and overseas continuing education to satisfy employees’ personal need for self-actualization.

Continuing education and training of employees in 2023:

Item	Number of class	Total number of person	Total hours	Total fees
1. Orientation training	3	148	1,032	0
2. Professional competency training	220	2149	12,889.37	2,287,936
3. Supervisor’s competency training	13	191	3,357.5	1,442,754
4. General education training	73	122	814	181,260
5. Self-inspiration training	25	225	1,555.5	716,309
Total	334	2,835	19,648.37	4,628,259

(3) Retirement system and the status of its implementation:

Retirement - Applicable to those who chose the old system

The Company allocates the retirement reserve fund every month in accordance with the related regulations of the government and established the Labor Retirement Reserve Supervisory Committee to manage matters in relation to retirement.

In any of the following circumstances, the employee shall apply for voluntary retirement:

I. Where the employee ages at least 55 and worked for 15 years or more.

II. Where the employee worked for 25 years or more.

III. Where the employee ages at least 60 and worked for 10 years or more.

In any of the following circumstances, the employee shall be forced to retire:

I. Where the employee ages at least 65.

II. Where the employee is unable to perform his/ her duties due to mental incompetency or disability.

The business entity may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature. However, the age shall not be reduced below 55. The household registration data shall be used as the standard to determine the retirement age of the employee and the age shall be fully calculated since the date of birth.

The criteria for payment of employee pensions shall be as follows:

I. Two bases are given for each full year of service rendered. But for the years of service over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. For other years of service, the length of service is calculated as half year when it is less than six months and as one year when it is more than six months.

II. As set forth in Subparagraph 2 of Article 61, an additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to employees forced to retire due to mental incompetency or disability incurred from the execution of their duties.

The retirement pension base shall be one month's average wage of the employee at the time when the retirement is approved. The average wage means the total wages obtained within 6 months before the date of retirement divided by 6.

When calculating the average wage, wages and the number of days in the following days or periods shall be excluded from calculation:

I. The date of retirement of the employee.

II. The period of medical treatment for occupational injury.

III. Female employees receiving wages at half of the regular payment because their period of service is less than six months and they are unable to work due to maternity leave.

IV. Where, due to a natural disaster, an unexpected event, or other force majeure, the employer cannot continue business operations which results in employees are unable to work.

V. The period when the employee receiving wages at half of the regular payment or no payment due to ordinary sickness or unpaid leave.

The pensions shall be paid within 30 days from the day of retirement.

The right of a employee to claim retirement benefits shall be aborted if it is not exercised within five years from the month following the effective date of retirement.

Other related matters regarding the retirement is conducted in accordance with the employee retirement plan of the Company and the Labor Standards Act.

Retirement - Applicable to those who chose the new system

The Company allocates the labor pension every month in accordance with Labor Pension Act of the government and established the Labor Retirement Reserve Supervisory Committee to manage matters in relation to retirement.

The central competent authority shall entrust the Bureau of Labor Insurance to take charge of the revenues, expenditures and safeguard of labor pension, the imposition of late payment charges and the compulsory execution.

For employees who work for the Company after the enforcement of new labor retirement system, their seniority prior to their application to the new system shall be temporarily reserved. When the labor contract complies with each retirement regulations of the Labor Standards Act, the Company shall use the average wage at the time of terminating labor contract to calculate the severance or retirement payment for the reserved seniority in accordance with the regulations of each laws.

The amount of labor pension borne by the Company shall not be less than 6% of the employee's monthly wage.

The labor pension for an employee counts from the first date of employment to the date that the employee resigns.

The Company shall apply and report in writing to the Bureau of Labor Insurance for terminating the contribution to the pension within 7 days from the date when an employee is on leave without pay, serving in military, suspended from duties because of lawsuit or detained prior to a final judgment of the court.

The labor pension shall be paid and calculated as follows:

I. Employees who begin their work or resign and are re-employed after July 1, 2005, shall be subject to the new labor retirement system. Employee who is sixty years or older (free from the restriction of the years of service) may claim for the accumulated pension in their individual accounts to which the new labor retirement systems apply from the Bureau of Labor Insurance.

II. Monthly pension payment: 1.The principal and accrued dividends from the employee's individual account of labor pension are paid in fixed installments. The amount of each installment shall be calculated based upon the life chart of annuity, average life expectancy, interest rate and other factors.

III. Lump-sum payment: The principal and accrued dividends from an employee's individual account of labor pension are claimed in lump sum at one time. The return rate generated from the utilization of employees' pension contributed in accordance with this Article shall not be less than the interest rate of a two-year fixed term deposit by local banks; in the event of any deficiency, the Treasury shall make up the shortfall.

Pension system	Old system	New system
Applicable legal basis	Labor Standards Act	Labor Pension Act
Contribution method	The Company contributes 2% of the employees' total salary on a monthly basis to the pension fund and deposit at the special pension account under the name of the Pension Reserve Monitoring Committee at the Bank of Taiwan.	The Company contributes 6% of the employees' monthly salary, subject to the employees' insurance enrollment level, to the individual pension accounts of the employees at Labor Insurance Bureau.
Contributed amount	As of December 31, 2023, the balance of the Workers' Retirement Reserve Fund of the Company in Bank of Taiwan was NT$108,285 thousand.	The pension appropriated by the Company for the year 2023 amounted to NT$90,366 thousand.

(4) Agreements between labors and management:

The Company is a business applicable under the Labor Standards Act, operates in accordance with Labor Standards Act and has a harmonious labor relation.

(5) Measures to preserve the rights and interests of employees:

The Company upholds the philosophy of sharing earnings with employees by defining the ratio of employee bonus in the Articles of Incorporation to encourage the participation of employees in the management. Meanwhile, the Company has installed the "Opinion Mailbox" to promote the suggestion system. Any approaches for improvement or suggestions helpful for the management or system or facilities of the Company may be sent to the Mailbox. To encourage employees to put forward suggestions, the Company will grant reward subject to the circumstances to provide a communication and opinion exchange channel for employees in life and work.

(6) Work environment and protection measures against the personal safety of employees:

In order to build a safe environment, the Company assigns security guards to guard at the entrance of the Company for 24 hours a day, and installs the access control system and CCTV at various entries/exits. Parking lots are equipped with emergency call buttons. Meanwhile, the Company will inspect and maintain various facilities including the buildings, fire protection equipment, electric equipment, fountains and elevators periodically to protect the personal safety of employees.

The Company has acquired the certificate for environmental management system (ISO 45001), and the updated certificate is valid from September 1, 2022 to August 31, 2025. The dedicated department and personnel for the occupational safety are responsible for the planning, execution and supervision of related operations, educational training and external and internal communication. We established the Occupational Safety and Health Committee in compliance with the Occupational Safety and Health Act and regularly hold a meeting every three months to implement the occupational safety and health management of the employees and further protect the safety and health of employees. The Company has established the disaster prevention and management regulations for labor safety and health, emergent response and safety and health of contractors and has work rules of labor safety and health. Meanwhile, we conduct self-inspection and safety and health education and drills necessary for the prevention of disaster every month to increase employees' awareness of the hazards in the work environment and their emergency response capability and to ensure the efficiency of the implementation of the emergency response plan.

For possible factors that may have impact on the safety and health of employees in the workplace, the Company arranges regular cleaning, disinfection and operating environment inspections. We provide free health examination for the employees every year, employ physicians to factories for health consultation and organize health promotion activities to provide employees with a comfortable and safe work environment.

(II) List any losses suffered by the company in the most recent fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

(III) Disclosing the estimated amount expected to be incurred for the present and future as well as the preventive measures: The labor relations of the Company are good and the communication channels between both parties are free from any trouble, therefore, no amount about labor dispute expected to be incurred for the future.

VI. Cyber Security Management

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

Management framework

Led by the Company's general manager, the information security committee was established. Meanwhile, the information security representatives appointed across departments/offices are also dedicated to the information security issues. Since 2015, it has passed the certification of ISO27001

Information Security Management Framework, and the current certificate is valid from November 16, 2021 to November 16, 2024. Now, it still keeps improving the information security system and information security protection means.

In 2023, the President acted as the convenor of the information security organization and appointed the management representative responsible for the operation of information security management system. The management representative reported the contents of implementation, including operation and plan of the annual information security management system and other advices or extraordinary motions, to the convenor and the Information Security Committee.

In 2023, 25 information securities meetings were held by the dedicated information security personnel routinely and reported to the management representative biweekly; 1 security management review meeting was held; 1 board meeting on information security operational result was held to review the development direction and strategy of information security allowing continuous and stable operation of the information security management system. The recent information security governance report has been submitted to the Board of Directors on January 31, 2024.

Information security policy

1. Protect the Company’s trade secret/business secrets, and confidentiality of important customers’ information.
2. Protect the information application of the core operations, and availability and completeness of supporting services and equipment thereof.
3. Ensure validity and sustainability of the information security management mechanism.

In order to ensure the business sustainability and keep the promise to customers, the Company established the corporate information security policy, operational procedures and regulations, in order to solidify the information risk management, enhance the information security control mechanism, enable the information security protection, upgrade the information security level, and provide the related staff from the Company’s divisions/offices, and important partners, with some guidelines to follow.

Information security management program

The specific information security management program is stated as following:

1. Check on the information framework
   (1) Check the adequacy of related measures adopted for the business continuity
   Check whether any single point of failure exists in the framework and management mechanism for related measures, analyze risk over the adequacy of business continuity, and propose the information framework security evaluation results and suggestions.
   (2) Check the maximum impact and risk profile for the single point of failure
   Evaluate whether the impact falls within the risk profile, and research and execute the corrective action plan.

2. Check Internet activities
   Check the access log and account authority on the device

Check whether the access log and account authority on the Internet device, information security device and server and the monitoring mechanism satisfy the internal control regulations; check the account authority and access log on these devices based on the principle of least privilege to identify any abnormal log and verify the warning mechanism.

3. Inspect the Internet devices, servers and terminals, etc.

   Vulnerability scanning and correction

   Perform vulnerability scanning on Internet device, servers and terminals periodically or in a timely manner, and correct and fix any detected vulnerability. Evaluate the scope, operating model and vulnerability correction plan for the vulnerability scanning, and status of correction thereof; propose evaluation suggestions on the scanning results, primarily in order to detect potential vulnerability and bugs, and then correct and fix them in order to mitigate the entire information security risk.

4. Inspect the security settings

   Server security settings

   Check the settings about the "password policy" and "account lockout policy" in the server (e.g. Active Directory), and check whether the domain security policy settings satisfy the internal control regulations through analysis by tools and manual.

5. Internet Fraud Attack Protection
   (1) Remind workers to be careful of any fraud messages online through continuous campaigns.
   (2) Perform physical educational training program to strengthen workers' awareness toward online messages and ability to identify genuine and fraud messages.

   Primarily aiming to enable workers to understand the risk over email scam, and improve workers' awareness toward prevention of social engineering scam, in order to mitigate the risk and loss potentially caused by the social engineering scam and to protect customers' data and important business information and services.

6. Reporting and follow-up on information security incidents

   There are relevant operating procedures in place with respect to reporting and processing of the Company's information security incidents.
   (1) Upon awareness of any information security incident, the worker shall report it to the committee member or the mailbox as a whistleblower.
   (2) The information security incident response team shall investigate and verify the information security incident, and propose the relevant corrective action and information security report.
   (3) If the incident is considered so material to affect the Company's competitiveness or financial position adversely, it is necessary to take relevant responsive measures to mitigate the damage as possible as it can.

   In consideration of increasing new information security threat types, such as ransomware, social network attacks and email scams, etc., the Company strives to strengthen the employees' information security awareness and improve the information security protection ability thoroughly by adjusting and improving access to Internet and intranet, implementing backup precisely, and periodically arrange vulnerability scanning and penetration testing.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important contracts

Nature of contract	Concerned party	Duration	Contents	Restrictive clause
Lease	Chain-Logic International Corp.	January 1, 2019~December 31, 2019 (Renewed automatically upon expiration)	Sublet the factory building and parking lots at Wenshan Road, Xinpu Township, Hsinchu County	N/A
Long-term loan	Chang Hwa Bank - Chengnei Branch	November 8, 2019 ~ October 15, 2029	Loan secured by land and building	N/A
Long-term loan	Chang Hwa Bank - Chengnei Branch	September 23, 2020~September 23, 2027	Loan secured by land and building	N/A
Long-term loan	Chang Hwa Bank - Chengnei Branch	November 9, 2021- October 15, 2031	Loan secured by land and building	N/A
Long-term loan	Chang Hwa Bank - Chengnei Branch	July 26, 2023 - July 26, 2043	Loan secured by land and building	N/A
Agency	Chain-Logic International Corp.	January 1, 2011~undefined (Where neither party agrees to terminate the Contract, the Contract shall be considered remaining effective.)	Exclusive agency of semi-conductor related equipment	N/A

Six. Overview of finance

I. Condensed balance sheet and comprehensive income statement of the most recent five years

(I) Condensed balance sheet and comprehensive income statement - IFRSs

(1) Condensed balance sheet

Unit: NTD thousand

Item \ Year		Financial information in the most recent five (5) years (Note 1)					Financial information for the current fiscal year up to March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		4,815,929	5,240,696	5,430,054	6,408,393	6,904,126	6,896,524
Real estate, plant and equipment		2,933,943	3,203,429	3,532,459	3,427,432	3,390,814	3,403,749
Intangible assets		34,803	42,546	253,555	287,792	296,348	296,639
Other assets		394,226	489,921	641,401	779,314	1,848,584	1,968,936
Total assets		8,178,901	8,976,592	9,857,469	10,902,931	12,439,872	12,565,848
Current liabilities	Before distribution	2,646,350	2,477,548	2,538,068	2,793,918	3,105,471	2,714,141
	After distribution	2,846,247	2,893,264	2,914,382	3,453,536	3,812,204	N/A
Non-current liabilities		1,152,706	850,126	1,271,599	1,215,020	1,713,902	1,645,328
Total liabilities	Before distribution	3,799,056	3,327,674	3,809,667	4,008,938	4,819,373	4,359,469
	After distribution	3,998,953	3,743,390	4,185,981	4,668,556	5,526,106	N/A
Equity attributable to the parent company		4,370,704	5,639,945	6,038,315	6,885,467	7,614,495	8,201,230
Share capital		799,587	920,802	940,738	942,311	942,311	942,311
Capital surplus		980,325	1,630,283	1,736,500	1,744,545	1,744,545	1,744,545
Retained earnings	Before distribution	2,659,269	3,168,094	3,441,282	4,278,464	4,936,727	5,330,526
	After distribution	2,459,372	2,752,378	3,064,968	3,618,846	4,229,994	N/A
Other equities		(68,477)	(79,234)	(80,205)	(79,853)	(9,088)	183,848
Treasury stock		0	0	0	0	0	0
Non-controlling interests		9,141	8,973	9,487	8,526	6,004	5,149
Total equity	Before distribution	4,379,845	5,648,918	6,047,802	6,893,993	7,620,499	8,206,379
	After distribution	4,179,948	5,233,202	5,671,488	6,234,375	6,913,766	N/A

Note 1: Said information was already audited and certified by the CPA.

Note 2: Said titles are free from revaluation of assets.

(2) Condensed comprehensive income statement

Unit: NTD thousand

Item \ Year	Financial information in the most recent 5 years (Note 1)					Financial information for the current fiscal year up to March 31, 2024
	2019	2020	2021	2022 (After restatement)	2023	
Operating revenue	5,515,200	5,925,601	6,508,725	7,411,929	8,147,112	2,046,692
Gross profit	2,228,901	2,585,565	2,743,416	3,406,381	3,897,063	1,025,892
Operating profit or loss	477,248	860,029	807,618	1,250,292	1,471,365	386,775
Non-operating revenue and expense	11,783	(15,314)	21,124	195,703	110,930	95,592
Profit before tax	489,031	844,715	828,742	1,445,995	1,582,295	482,367
Net profit from continuing operations for the period	427,984	714,221	695,458	1,217,382	1,318,548	396,683
Loss of Discontinued Operations	0	0	0	(5,120)	(8,973)	(3,756)
Net profit (loss)	427,984	714,221	695,458	1,212,262	1,309,575	392,927
Other comprehensive income (after tax)	(8,910)	(16,424)	(7,011)	625	76,549	192,953
Total comprehensive income	419,074	697,797	688,447	1,212,887	1,386,124	585,880
Net profit attributable to parent company	428,370	714,482	693,851	1,213,625	1,311,899	393,799
Net profit attributable to non-controlling interests Equity	(386)	(261)	1,607	(1,363)	(2,324)	(872)
Total comprehensive income attributable to parent company	420,023	697,965	687,933	1,213,848	1,388,646	586,735
Total comprehensive income attributable to non-controlling interests	(949)	(168)	514	(961)	(2,522)	(855)
EPS	5.36	8.41	7.44	12.89	13.92	4.18

Note 1: Said information was already audited and certified by the CPA.

(II) Condensed balance sheet and comprehensive income statement - Standalone

(1) Condensed balance sheet

Unit: NTD thousand

Item \ Year		Financial information in the most recent five (5) years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		4,028,294	4,406,124	4,692,040	5,539,009	5,903,096
Real estate, plant and equipment		2,768,524	3,060,758	3,315,712	3,243,863	3,225,494
Intangible assets		34,449	42,320	19,943	33,697	47,534
Other assets		1,098,411	1,268,873	1,526,859	1,732,918	2,893,182
Total assets		7,929,678	8,778,075	9,554,554	10,549,487	12,069,306
Current liabilities	Before distribution	2,313,662	2,139,621	2,276,132	2,532,899	2,815,218
	After distribution	2,513,559	2,555,337	2,652,446	3,192,517	3,521,951
Non-current liabilities		1,245,312	998,509	1,240,107	1,131,121	1,639,593
Total liabilities	Before distribution	3,558,974	3,138,130	3,516,239	3,664,020	4,454,811
	After distribution	3,758,871	3,553,846	3,892,553	4,323,638	5,161,544
Equity attributable to parent company		4,370,704	5,639,945	6,038,315	6,885,467	7,614,495
Share capital		799,587	920,802	940,738	942,311	942,311
Capital surplus		980,325	1,630,283	1,736,500	1,744,545	1,744,545
Retained earnings	Before distribution	2,659,269	3,168,094	3,441,282	4,278,464	4,936,727
	After distribution	2,459,372	2,752,378	3,064,968	3,618,846	4,229,994
Other equities		(68,477)	(79,234)	(80,205)	(79,853)	(9,088)
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	4,370,704	5,639,945	6,038,315	6,885,467	7,614,495
	After distribution	4,170,807	5,224,229	5,662,001	6,225,849	6,907,762

Note 1: Said information was already audited and certified by the CPA.

Note 2: Said titles are free from revaluation of assets.

(2) Condensed comprehensive income statement

Unit: NTD thousand

Item \ Year	Financial information in the most recent five (5) years (Note 1)				
	2019	2020	2021	2022 (After restatement)	2023
Operating revenue	4,880,918	5,168,689	5,558,986	6,245,407	6,745,902
Gross profit	1,971,935	2,218,608	2,256,013	2,742,970	3,014,705
Operating profit or loss	487,427	787,797	717,480	1,063,305	1,180,559
Non-operating revenue and expense	(4,405)	40,123	77,628	365,879	379,451
Profit before tax	483,022	827,920	795,108	1,429,184	1,560,010
Net profit from continuing operations for the current period	428,370	714,482	693,851	1,219,081	1,321,196
Loss of Discontinued Operations	0	0	0	(5,456)	(9,297)
Net profit (loss)	428,370	714,482	693,851	1,213,625	1,311,899
Other comprehensive income (after tax)	(8,347)	(16,517)	(5,918)	223	76,747
Total comprehensive income	420,023	697,965	687,933	1,213,848	1,388,646
Net profit attributable to parent company	428,370	714,482	693,851	1,213,625	1,311,899
Net profit attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to parent company	420,023	697,965	687,933	1,213,848	1,388,646
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
EPS	5.36	8.41	7.44	12.89	13.92

Note 1: Said information was already audited and certified by the CPA.

(3) The names of CPAs conducting financial audits in the most recent five years and their audit opinions.

Year	Firm Name	Name of CPA	Audit opinions
2019	Nexia Sun Rise CPAs & Co.	Chen, Chih-Ling and Chen, Yi-Ling, CPAs	Unqualified opinions
2020	Nexia Sun Rise CPAs & Co.	Chen, Chih-Ling and Chen, Yi-Ling, CPAs	Unqualified opinions
2021	Nexia Sun Rise CPAs & Co.	Chen, Chih-Ling and Chen, Yi-Ling, CPAs	Unqualified opinions
2022	Nexia Sun Rise CPAs & Co.	Chen, Chih-Ling and Chen, Yi-Ling, CPAs	Unqualified opinions
2023	Nexia Sun Rise CPAs & Co.	Chen, Chih-Ling and Chen, Yi-Ling, CPAs	Unqualified opinions

II. Financial analysis in the most recent five years

(I) Financial ratios for the most recent five (5) years - IFRSs

Item (Note 3)	Year (Note 1)	Financial information in the most recent five (5) years				
		2019	2020	2021	2022 (After restatement)	2023
Financial structure	Debt to assets ratio (%)	46.45	37.07	38.65	36.77	38.74
	Long-term funds to PPE ratio (%)	188.57	202.88	207.20	236.59	275.28
Solvency	Current ratio (%)	181.98	211.53	213.94	229.37	222.32
	Quick ratio (%)	92.88	106.59	107.79	127.39	128.75
	Times interest earned ratio	20.43	52.79	122.89	106.49	61.66
Operating capacity	Receivables turnover ratio (time)	4.64	4.77	5.13	5.91	6.62
	Average cash collection days	78.66	76.51	71.15	61.75	55.13
	Inventory turnover ratio (time)	1.37	1.41	1.49	1.51	1.55
	Payables turnover ratio (time)	7.49	7.15	6.82	7.35	7.79
	Average sales days	266.42	258.86	244.97	241.72	235.48
	PPE turnover ratio (time)	1.85	1.93	1.93	2.13	2.39
	Total asset turnover ratio (time)	0.67	0.69	0.69	0.71	0.70
Profitability	ROA (%)	5.48	8.48	7.44	11.78	11.40
	ROE (%)	10.07	14.24	11.89	18.73	18.05
	Income before tax to paid-in capital ratio (%)	61.16	91.74	88.09	153.45	167.92
	Net profit margin (%)	7.76	12.05	10.69	16.36	16.07
	EPS (NT$) (Note 2)	5.36	8.41	7.44	12.89	13.92
Cash flow	Cash flow ratio (%)	25.39	45.80	25.27	61.46	33.67
	Cash flow adequacy ratio (%)	43.24	74.74	62.20	117.24	113.36
	Cash flow reinvestment ratio (%)	8.62	10.98	2.37	13.13	3.74
Leverage	Operating leverage	3.31	2.27	2.49	2.00	1.95
	Financial leverage	1.06	1.02	1.01	1.01	1.02

Please describe the causes resulting in changes in financial ratios in the most recent 2 years. (Not required, if the changes are less than 20%.)

(1) The decrease in times interest earned ratio: mainly due to the increase in financial cost for the current period.

(2) The decrease in cash flow ratio: mainly due to the decrease in cash inflow from operating activities for the current period.

(3) The decrease in cash reinvestment ratio: mainly due to the decrease in cash inflow from operating activities and the increase in cash dividend for the current period.

(II) Financial ratios for the most recent five (5) years - Standalone

Item (Note 3)	Year (Note 1)	2019	2020	2021	2022 (After restatement)	2023
		Financial information in the most recent five (5) years				
Financial structure	Debt to assets ratio (%)	44.88	35.75	36.80	34.73	36.91
	Long-term funds to PPE ratio (%)	202.85	216.89	219.51	247.13	286.90
Solvency	Current ratio (%)	174.11	205.93	206.14	218.68	209.69
	Quick ratio (%)	79.99	95.78	97.71	116.38	112.55
	Times interest earned ratio	21.84	59.05	148.19	125.97	77.13
Operating capacity	Receivables turnover ratio (time)	4.10	3.85	3.95	4.09	4.31
	Average cash collection days	89.02	94.81	92.41	89.24	84.68
	Inventory turnover ratio (time)	1.27	1.33	1.39	1.41	1.44
	Payables turnover ratio (time)	7.25	7.15	6.45	6.67	7.08
	Average sales days	287.4	274.44	262.59	258.87	253.47
	PPE turnover ratio (time)	1.76	1.77	1.74	1.90	2.09
	Total asset turnover ratio (time)	0.61	0.62	0.61	0.62	0.60
Profitability	ROA (%)	5.56	8.69	7.62	12.16	11.75
	ROE (%)	10.11	14.27	11.88	18.78	18.10
	Income before tax to paid-in capital ratio (%)	60.96	89.91	84.52	151.67	165.55
	Net profit margin (%)	8.78	13.82	12.48	19.43	19.45
	EPS (NT$) (Note 2)	5.36	8.41	7.44	12.89	13.92
Cash flow	Cash flow ratio (%)	11.93	45.54	26.23	48.87	28.55
	Cash flow adequacy ratio (%)	31.72	60.10	48.75	98.72	90.73
	Cash flow reinvestment ratio (%)	1.68	9.56	2.05	9.09	1.50
Leverage	Operating leverage	2.97	2.22	2.46	2.00	1.97
	Financial leverage	1.05	1.02	1.01	1.01	1.02

Please describe the causes resulting in changes in financial ratios in the most recent 2 years. (Not required, if the changes are less than 20%.)

(1) The decrease in times interest earned ratio: mainly due to the increase in financial cost for the current period.

(2) The decrease in cash flow ratio: mainly due to the decrease in cash inflow from operating activities for the current period.

(3) The decrease in cash reinvestment ratio: mainly due to the decrease in cash inflow from operating activities and the increase in cash dividend for the current period.

Equation of financial analysis:

Note 1: Said information in the most recent five years was already audited or reviewed by the CPA.

Note 2: EPS is calculated based on the quantity of shares under weighted average method after being adjusted retroactively.

Note 3: The equation of said items is stated as following:

1. Financial structure
   (1) Debt to assets ratio = Total liabilities / total assets.
   (2) Long-term funds to PPE 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-inventory-prepayment) / current liabilities
   (3) Times interest earned ratio = Earnings before interest and tax / interest expenses for the period.
3. Utility
   (1) Receivables turnover ratio (including accounts receivable and notes receivable resulting from operation) = Net sales / average balance of accounts receivable (including accounts receivable and notes receivable arising from sales) for the period.
   (2) Average cash collection days = 365 / receivables turnover ratio.
   (3) Average sales days = 365 / inventory turnover ratio.
   (4) Payables (including accounts payable and notes payable arising from sales) turnover ratio = Cost of goods sold / average balance of accounts payable (including accounts payable and notes payable arising from sales) for the period.
   (5) Average sales days = 365 / inventory turnover ratio.
   (6) PPE turnover ratio = Net sales / average net PPE.
   (7) Total asset turnover ratio = Net sales / average total assets.
4. Profitability
   (1) ROA = [Profit and loss after tax + Interest expense × (1- tax rate)] / average total assets.
   (2) ROE = Profit and loss after tax / average net shareholder’s equity.
   (3) Net profit margin = Profit and loss after tax / net sales.
   (4) Earnings Per Share = (income attributable to parent company – dividends from preferred shares) / weighed average quantity of outstanding shares.
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 in the most recent five years / (capital spending + increase in inventory + cash dividends) in the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities-cash dividends) / (gross of property, plant and equipment+long-term investment+other non-current assets+working capital).
6. Leverage:
   (1) Operating leverage = (Net operating revenue-changed operating costs and expenses) / operating income.
   (2) Financial leverage = Operating income / (operating income-interest expenses).

Note 4: The following shall be considered in assessing the equation Earnings Per Share as aforementioned:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. If there is a cash capital increase or treasury transaction, the outstanding period should be considered for weighted-average stock calculation.
3. If any additional shares were issued against retained earnings or capital surplus, the full year or half-year earnings per share must be adjusted proportionally and retroactively, regardless of when the additional stocks were issued.
4. If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether the dividend is paid or not) should be deducted from the net income or added to the net loss. If preference shares were non-cumulative, the preference shares dividends must be deducted from after tax net profit; no adjustment is required from after tax net loss.

Note 5: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow for annual capital investments.
3. The increase in inventory is included only when the balance at the ending is greater than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as "zero."
4. Cash dividend includes cash dividend for common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment before subtracting by accumulated depreciation.

Note 6: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonableness and consistency.

Note 7: In the case of shares issued by the Company with no par value or a par value other than NT$10 per share, said calculation about the ratio of the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

III. Audit Committee' Review Report on the Financial Statement for the Most Recent Year: Please refer to Page 117 of the annual report.

IV. Financial Statement for the Most Recent Year: Please refer to Pages 204~304 of the annual report.

V. Standalone Financial Statement for the Most Recent Year audited and certified by the CPA: Please refer to Pages 118~203 of the annual report.

VI. In the case of any insolvency of the Company and its affiliates in the most recent year and up to the publication date of the annual report, specify its effect on the Company's financial status: N/A

Seven. Review and Analysis of Overview of Finance Status and Performance, and Risk Management

I. Financial status

Comparative analysis of financial status in the most recent two (2) years

Unit: NTD thousand

Item \ Year	2023	2022	Variance	
			Amount	%
Current assets	6,904,126	6,408,393	495,733	7.74%
Real estate, plant and equipment	3,390,814	3,427,432	-36,618	-1.07%
Right-of-use assets	187,986	184,836	3,150	1.70%
Intangible assets	296,348	287,792	8,556	2.97%
Deferred income tax assets	163,430	147,540	15,890	10.77%
Other non-current assets	349,703	251,912	97,791	38.82%
Total assets	12,439,872	10,902,931	1,536,941	14.10%
Current liabilities	3,105,471	2,793,918	311,553	11.15%
Non-current liabilities	1,713,902	1,215,020	498,882	41.06%
Total liabilities	4,819,373	4,008,938	810,435	20.22%
Share capital	942,311	942,311	0	0.00%
Capital surplus	1,744,545	1,744,545	0	0.00%
Retained earnings	4,936,727	4,278,464	658,263	15.39%
Other equities	(9,088)	(79,853)	70,765	88.62%
Total equity	7,620,499	6,893,993	726,506	10.54%

(I) Analysis and description of the changes of the increase/decrease ratio: (the change from one period to the next reaches above 20% and the amount of change reaches NT$10,000,000)

(1) The increase in other non-current assets: due to the increase in prepayment for purchase of equipment.

(2) The increase in non-current liability: due to the increase in long-term loans.

(3) The increase in total liabilities: mainly due to the increase in long-term loans.

(4) The increase in other equity: due to the increase in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.

(II) Future preventive policies: The finance status of the Company is good and has no material impact on the shareholders' equity.

II. Financial performance

(I) Comparative analysis of financial performances in the most recent two (2) years

Unit: NTD thousand

Year / Item	2023	2022 (After restatement)	Increase (decrease) amount	Change ratio (%)
Operating revenue	8,147,112	7,411,929	735,183	9.92%
Operating cost	4,250,049	4,005,548	244,501	6.10%
Gross profit	3,897,063	3,406,381	490,682	14.40%
Operating expense	2,425,698	2,156,089	269,609	12.50%
Operating profit	1,471,365	1,250,292	221,073	17.68%
Non-operating revenue and expense	110,930	195,703	-84,773	-43.32%
Profit before tax	1,582,295	1,445,995	136,300	9.43%
Tax expense	263,747	228,613	35,134	15.37%
Current net profit	1,309,575	1,212,262	97,313	8.03%
Other comprehensive income	76,549	625	75,924	12,147.84%
Total comprehensive income	1,386,124	1,212,887	173,237	14.28%

(I) Analysis and description of the changes of the increase/decrease ratio: (the change from one period to the next reaches above 20%)

(1) The decrease in non-operating income and expenses: due to the decrease in the foreign currency exchange gain.

(2) The increase in other comprehensive income: mainly due to the increase in unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income.

(II) Cause of changes of the Company’s main business contents: If material changes have occurred or are expected to occur in the operational policies, market conditions, economic environment or other internal or external factors, the fact and their impact on the future financial operations of the Company and the responsive policies of the Company shall be stated: None.

(III) The estimated sales volume for the coming year and its basis, and the major causes that the Company expects to result in the continuing growth or decline of the sales volume: Please refer to sections “One. A Message to Shareholders” and “Five. Overview of operation” of this annual report for detail.

III. Cash flow

(I) Analysis of changes in the cash flow for the most recent two (2) years:

Unit: NTD thousand

Year / Item	2023	2022	Amount of variance	Increase (decrease) ratio (%)
Operating activities	1,045,686	1,717,249	(671,563)	(39.11)
Investment activities	(1,268,825)	(468,638)	(800,187)	170.75
Financing activities	434,442	(182,401)	616,843	(338.18)
Total	211,303	1,066,210	(854,907)	(80.18)

Analysis and description of the changes of the increase/decrease ratio: (the change from one period to the next reaches above 20%)

The decrease in cash inflow from operating activities was mainly due to the increase in accounts receivable, notes receivable and cash dividend.

The decrease in cash outflow used in investment activities was mainly due to the increase in the acquisition of investment property.

The increase in cash inflow from financing activities was mainly due to the increase in long-term loans for acquiring investment property.

(II) Cash flow analysis for the most recent two (2) years:

Year / Item	2023	2022	Increase (decrease) ratio (%)
Cash flow ratio	33.67	61.46	-27.79
Cash flow adequacy ratio	113.36	117.24	-3.88
Cash flow reinvestment ratio	3.74	13.13	-9.39

Analysis and description of the changes of the increase/decrease ratio: (the change from one period to the next reaches above 20%)

The decrease in cash flow ratio: mainly due to the increase in accounts receivable, notes receivable and cash dividend for the current period leading to the decrease in cash flow from operating activities. As a result, the cash flow ratio is lower than that of the previous period.

(III) Cash flow analysis for the coming year

Unit: NTD thousand

Balance of cash, beginning①	Projected Net Cash Flow from the year's operating activities②	Projected net cash inflow (outflow) from year-round investment and financing activities	Projected cash balance (deficit)①+②-③	Remedy for estimated cash shortage	
				Investment plan	Financial plan
2,579,316	1,354,722	(1,090,456)	2,843,582	N/A	N/A

1. Analysis of changes in cash flows in current period:
   (1) Cash flow from operating activities: The Company's operations grow steadily, and it is expecting net cash inflow from operating activities.
   (2) Cash flow from investment and financing activities: A net cash outflow is expected mainly due to the capital expenditure and distribution of cash dividend.
2. Remedy for projected cash shortage and liquidity analysis: Not applicable.

IV. Major capital expenditure and its impact on the financial operations of the Company in the most recent year: N/A

V. Reinvestment policy in the most recent year, the main reasons for profit or loss and the corrective action plan and investment plan for the coming year: The Company upheld the philosophy of conservation and stability for the reinvestment policy in the most recent years, so it is not applicable.

VI. Risk issues in the recent years and as of the publication date of this annual report:

(I) Impact of interest and exchange rate fluctuations and inflation on the profit and loss of the Company, and the future countermeasures:

Item	2023 (NTD thousand)	Proportion to net operating revenue %	Proportion to income after tax %
Interest expenses	26,086	0.32	1.99
Net foreign exchange gain	25,362	0.31	1.94

(1) Impact of interest rate fluctuation on the profit and loss of the Company, and the future countermeasures:

The interest expense of the Company for 2023 was NT$26,086 thousand, accounting for 0.32% of annual net operating revenue and 1.99% of net income. The Company will keep good relationships with banks to obtain a relatively better interest rate and will pay attention to the changes in the interest rate of the financial market to timely adjust the position of funds. Therefore, we estimate that the future interest rate fluctuation has no significant impact on the overall operation of the Company.

(2) Impact of exchange rate fluctuation on the profit and loss of the Company, and the future countermeasures:

The Company's net foreign exchange gain for 2023 was NT$25,362 thousand, accounting for 0.31% of annual net operating revenue and 1.93% of net income. The Company has a foreign exchange exposure and a great amount of foreign currency receivables due to the exported products. However, we have the demand for foreign exchange because the daily operation and expenses requires NTD for support. Therefore, the exchange rate fluctuation has significant impact on the profit and loss of the Company. We adopt the following countermeasures to avoid exchange risks.

(a) We keep close contact with the foreign exchange departments of the correspondent financial organizations to continuously collect the information that may have impact on the foreign exchange market to control the trend of the exchange rate and respond to the effect brought by the fluctuation of exchange rate.

(b) Besides adopting natural hedging, the Company also conducts purchase using the sale revenue of the same currency to avoid the foreign exchange risks. The finance and accounting unit will pay close attention to the fluctuation of the foreign exchange market and adjust the foreign currency position depending on the global macroeconomy, price level of the exchange rate and future demand of funds to avoid the possible impact of the exchange rate fluctuation on the Company's operation.

(c) The Company has established the "Operating Procedures for Engaging in Derivatives Trading" and the "Procedure for Acquisition or Disposal of Assets." The relevant foreign exchange transactions shall be conducted in accordance with these two procedures.

(3) Impact of inflation on the profit and loss of the Company, and the future countermeasures:

The Company maintains good relations with our suppliers and the prices of the required raw materials remains stable without any sign of inflation. We will strive to reduce each cost in the future and focus on the changes in the prices of the raw materials to adopt countermeasures timely. We never have any adverse effect on the operation due to inflation to the date on which the annual report was printed, so the inflation has no significant impact on the Company.

(II) Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as transactions of financial derivatives, major causes for profits or losses and future countermeasures:

The Company has never engaged in the high-risk, high-leverage investments, loaning of funds to others, endorsements and guarantees as well as transactions of financial derivatives. All transactions are conducted in accordance with the relevant requirements and countermeasures defined under the Company's "Operating Procedures for Derivatives Trading," "Operating Procedures for Loaning of Funds to Others," "Operating Procedures for Making of Endorsement/Guarantee"; and "Operating Procedures for Acquisition or Disposal of Assets." Meanwhile, the Company also makes announcement and reports according to the related laws and regulations.

(III) Future R&D plans and expected R&D expenditure:

The Company's R&D projects are initiated to address customers' needs, and it has successfully developed multiple products and technologies in the R&D projects of the most recent year. It aims at continuous R&D and innovation in the future. In 2024, the Company is expected to invest nearly NT$400 million in R&D, which accounts for about 5% of its revenue, to cope with the rapidly changing market demand. The key factors to success of the Company's R&D reside in the recruitment, retention and training of talents to correspond to the challenges of new technology and ensure the leadership of the Company in technology.

Future R&D plans:

Name of plan	Key factors to success of R&D	Status	Anticipated expenses in the future	Schedule for mass production
Ultra-high pin count (100,000 pins) vertical probe card	Structural design and simulation analysis ability	Design under validation	NT$150 million	2024
High speed vertical probe card (PAM4-224Gbps)	Electricity and structural design ability	Design under validation	NT$150 million	2024
Micro LED multi-channel high-speed and low current measurement equipment.	Development of microcurrent measurement instrument Micro-distance multi-channel probe card application technology	Design under validation	NT$20 million	2024
Wafer-level reliability testing system (VCSEL, SiPh)	High-precision wafer probe station Wafer-level probe card manufacturing technology Multi-channel current source design technology High energy temperature control system	Development under validation	50 million	2025
Silicon photonics packaged optical waveguide tube property measurement system	Silicon photonics package sorting technology High-pin-count probe card probing application High-precision and high-speed optical coupling technology Optical waveguide tube property measurement technology	Development under validation	30 million	2025

(IV) Impact on the Company’s finance and business due to changes in domestic or foreign policies and laws, and corresponding countermeasures:

The daily operation of the Company complies with the laws and regulations of the competent authorities. We pay attention to the development trends of important policies at home and abroad and the changes in laws and regulations at all times to evaluate their impact on the Company and take appropriate measures in advance to avoid possible adverse effects resulted by the policies and changes in laws and regulations. There is no significant impact of changes in important policies and laws at home and abroad on the financial operations of the Company to the date on which the annual report is printed.

(V) Effect on the company’s financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response: In response to the changes of technology and industry and to control the changes of market from time to time, the Company accesses the industrial information by exhibitions, network, and related meetings held by industrial, trading and labor unions. We expand the business and precisely control the trend of industrial information in line with our upgrading R&D technology and outstanding competitive strength to immediately understand the market trends and grasp profitable business opportunities.

(VI) Impact of changes in corporate image on the corporate crisis management, and countermeasures: N/A, as the Company has remarkable corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: N/A.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: To meet the demand of future business development and operation.

(IX) Risk from centralized purchasing or selling, and countermeasures: N/A.

(X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company’s shares, and countermeasures: N/A.

(XI) Impact and risk associated with changes in management rights, and countermeasures: N/A.

(XII) For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, president, any person with actual responsibility for the Company and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders’ equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

Some former employee of the Company who worked for WinWay Tech. Co., Ltd. upon resignation from the Company was found suspected of infringing upon the Group's trade secrets. Given this, the Group has initiated a criminal complaint. Recently, Hsinchu District Prosecutors Office brought the indictment against WinWay Tech. Co., Ltd. and the former employee. The criminal action is now pending trial by Taiwan Hsinchu District Court.

The Group also initiated a civil action with monetary claim against the defendants. Meanwhile, with respect to the dispute over IPR caused by said parties' infringement upon trade secrets, the Group has petitioned with the Intellectual Property Court and Taiwan Hsinchu District Court for a provisional seizure by furnishing the security bond totaling NT$69,090 thousand. The preliminary investigation and provisional seizure have been completed with respect to the action. Notwithstanding, considerable criminal facts and evidence still need to be assessed through criminal procedures. The civil action is now pending trial by Taiwan High Court and Supreme Court.

The Group's operations remain unaffected by the case, and the Group's finance as well. Further, in order to maintain the fair competition in the industry and defend the IPR, the Group has appointed its attorney-at-law to pursue the defendants' civil and criminal liabilities.

As of December 31, 2023 and 2022, the Group has set aside the provisional seizure totaling NT$69,090 thousand.

(XIII) Other material risks and responsive measures: N/A

(XIV) Key Performance Indicator (KPI):

The KPI of the probe card operating center of the Company characteristics refer to the R&D of advanced probe card technology and the percentage of the probe card operating revenue thereof. The higher the percentage is, the better it is. The following is the list of the percentage of advanced probe card in the probe card operating revenue of the Company for the most recent two (2) years:

Item of production and technology	2022	2023
Epoxy/Cantilever Probe Cards	40%	35%
Advanced Probe Cards	60%	65%

VII. Other important disclosures: N/A

Eight. Special notes

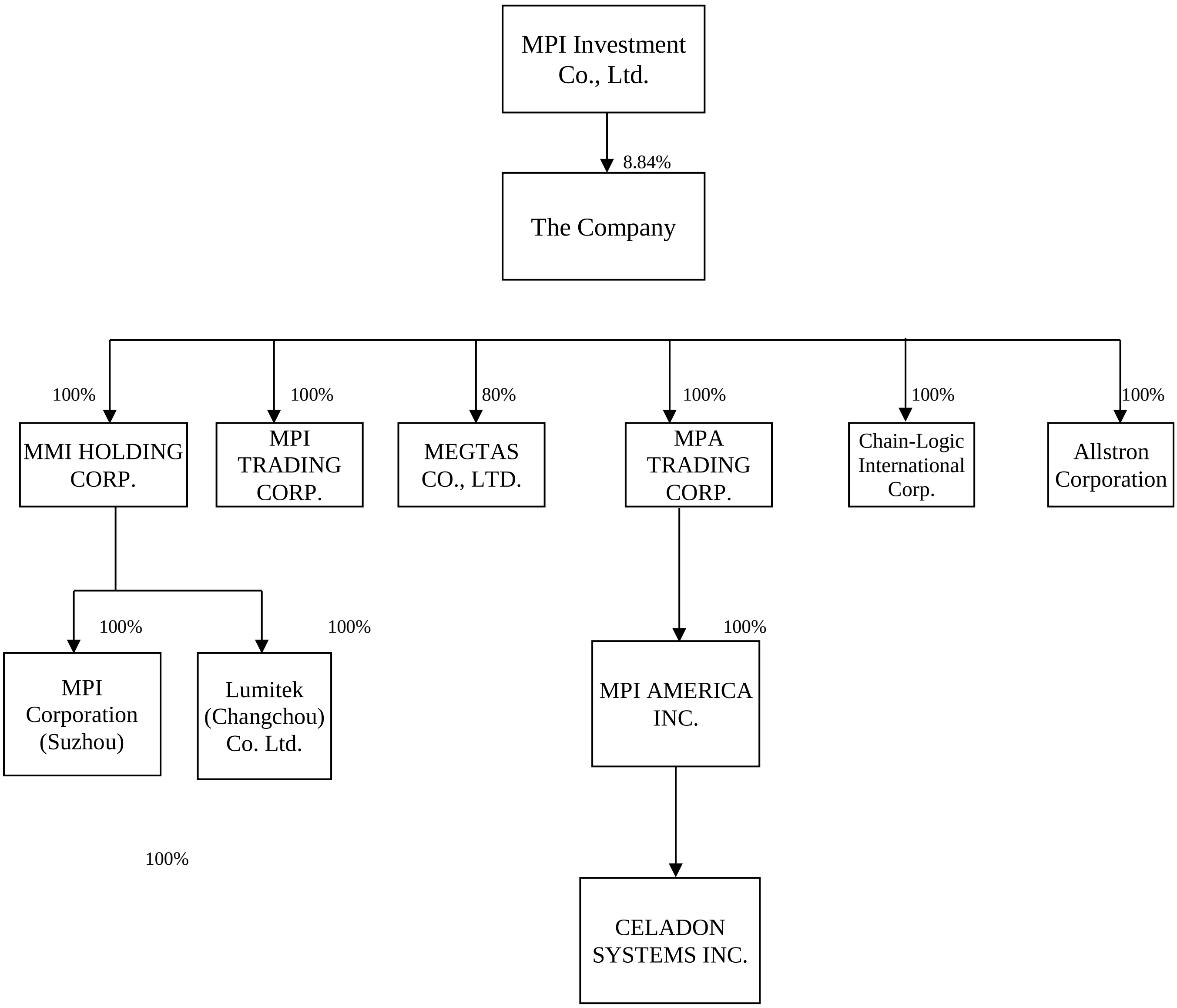
I. Information on affiliate enterprises:

(I) Overview of affiliates

(1) Overview of of affiliates' organization

(I) Organizational chart of the affiliates

December 31, 2023



(II) The affiliates that meet Article 369-2 of the Company Act were included into the consolidated financial statements of the affiliated companies.

(III) Entities presumed in parent-subsidiary relations according to Article 369-3 of the Company Act: N/A

II. Basic information of each affiliate

December 31, 2023; unit: NTD thousand

Name of Enterprise	Date of incorporation	Address	Paid-in capital	Principal business or production lines
MPI Investment Co., Ltd.	2000.12.29	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Shixing Vil., Zhubei City	1,107	General investment
Chain-Logic International Corp.	1994.03.01	No. 988, Sec. Litoushan, Wenshan Road, Xinpu Township, Hsinchu County	50,000	Semi-conductor equipment agent
MPI TRADING CORP.	December 22, 2000	Offshore Chambers, P.O.BOX 217, APIA, SAMOA	US$1,000	Engage in Probe Card business
MMI HOLDING CO., LTD.	2001.08.07	Offshore Chambers, P.O.BOX 217, APIA, SAMOA	US$18,267,987	Holding company
MEGTAS CO., LTD.	2010.09.01	134 Gunseo-ri, Jikson-eub, Seobuk-gu,Cheonan,Chungnam, 331-811, Korea	2,500,000,000 won	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts
Allstron Corporation	2006.03.31	3F, No. 8, Lane 98, Jiaren Street, Neighborhood 36, Xinan Vil., Zhubei City, Hsinchu County	15,500	High-frequency wafer measurement probe card manufacturer
MPA TRADING CORP.	April 12, 2017	Vistra (Anguilla) Limited of Vistra Corporate Services Centre, Albert Lake Drive,The Valley, Anguilla, British West Indies.	US$11,450,000	Holding company
Lumitek (Changchou) Co. Ltd.	2014.01.10	No. 377, Wu Yi S. Road, China Wujin High-tech Industrial Development Zone	US$16,000,000	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; domestic procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.
MPI Corporation (Suzhou)	July 11, 2017	No. 13, Chun Hui Road, Suzhou Industrial Park	US$2,000,000	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; procurement, wholesale, commissioned agency

				and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.
MPI AMERICA INC.	March 29, 2017	2360 QUME DRIVE,SUITE C,SAN JOSE,CA	US$11,400,000	Trading of probe cards and semi-automatic probers
CELADON SYSTEMS INC.	1996.05.17	13795 FRONTIER CT BURNSVILLE, MINNESOTA 55337,USA	US$2,255,106	Manufacturing and sales of probe cards, testing systems and high-performance wires

III. Entities presumed in parent-subsidiary relations and information on identical shareholders: N/A.

IV. The industries housed in the same business location of the whole business group:

The business lines run by the Company and its affiliates include investment business; production, testing, R&D, manufacturing and trading of semi-conductor equipment and spare parts; agency of semi-conductor equipment; trading; supply service of electronic information; wholesale and retail of electronic appliances and materials and manufacturing of electronic spare parts.

V. Profiles of Directors, Supervisors and Presidents of affiliates

December 31, 2023

Name of enterprise	Job title (Note 1)	Name or representative	Shares held (Note 2) (Note 3)	
			Number of shares (Capital contribution)	Ratio of shareholding (Ratio of capital contribution)
MPI Investment Co., Ltd.	Chairman Director Director Supervisor	Ko, Chang-Lin Li, Tu-Cheng Steve Chen Scott Kuo	49,636 shares 30,089 shares 10,029 shares 2,966 shares	44.83% 27.17% 9.06% 2.68%
Chain-Logic International Corp.	Name of investor Chairman Director Director Supervisor President	MPI Corporation Representative: Ko, Chang-Lin Steve Chen Scott Kuo Rose Jao Chan, Chao-Nan	5,000,000 shares	100.00%
MPI TRADING CORP.	Name of investor Responsible person	MPI Corporation Ko, Chang-Lin	1,000 shares	100.00%
MMI HOLDING CO., LTD.	Name of investor Responsible person	MPI Corporation Ko, Chang-Lin	18,267,987 shares	100.00%
MEGTAS CO.,LTD.	Name of investor Name of investor	MPI Corporation LUCID DISPLAY	400,000 shares 100,000 shares	80.00% 20.00%

	 Chairman Director Director Director Supervisor	TECHNOLOGY CO.,LTD Representative: HUAN-SHENG LIN HUAN-SHENG LIN DU-HWA HWANG JUNG-JAE CHEUN SHENG-YI CHEN		
Allstron Corporation	Name of investor Chairman Director Director Supervisor	MPI Corporation Representative: Scott Kuo Steve Chen Liu, Yung-Chin Rose Jao	1,550,000 shares	100.00%
MPA TRADING CORP.	Name of investor Responsible person	MPI Corporation Ko, Chang-Lin	11,450,000 shares	100.00%
Lumitek (Changchou) Co. Ltd.	Name of investor Responsible person	MMI HOLDING CO., LTD. Scott Kuo	US$16,000,000	100.00%
MPI Corporation (Suzhou)	Name of investor Responsible person	MMI HOLDING CO., LTD. Chan, Yun-Fu	US$2,000,000	100.00%
MPI AMERICA INC.	Name of investor Responsible person	MPA TRADING CORP. Robert S. Carter	6,300,000 shares	100.00%
CELADON SYSTEMS INC.	Name of investor Responsible person	MPI AMERICA INC. Karen R. Armendariz	1,000 shares	100.00%

Note 1. If the affiliate is a foreign company, please list the one of equivalent job rank.

Note 2. If the investee is a limited company by share, please identify the quantity of shares and shareholding; otherwise, please specify the capital contribution and percentage thereof, and note the same.

Note 3. If the director or supervisor is a corporation, please disclose the information about its representative.

Note 4. If said affiliate does not appoint a president, the president shall be assumed by the Chairman (or responsible person or director) of the affiliate concurrently.

Two. Overview of operation of affiliates

Financial position and operating result of affiliates:

December 31, 2023; unit: NTD thousand

Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Income (after tax)	EPS (Dollar) (after tax)
Chain-Logic International Corp.	50,000	492,412	228,313	264,099	540,809	58,910	47,212	9.44
MPI TRADING CORP.	32	57,272	6	57,266	—	(39)	(986)	(986)
MMI HOLDING CO., LTD.	573,502	857,830	—	857,830	166,724	166,683	166,668	9.12
MEGTAS CO., LTD.	66,509	37,080	7,059	30,021	39,825	(11,632)	(11,622)	(29.05)
Allstron Corporation	15,500	1,110	20	1,090	—	(390)	(373)	(0.24)
MPA TRADING CORP.	321,352	50,084	—	50,084	14	(4,950)	(4,952)	(0.43)
Lumitek (Changchou) Co. Ltd.	502,470	687,125	87,038	600,087	195,204	4,858	17,120	—
MPI Corporation (Suzhou)	60,180	1,008,706	763,624	245,082	2,073,262	152,226	149,473	—
MPI AMERICA INC.	319,837	637,866	589,055	48,811	1,080,641	(39,022)	(4,917)	(0.78)
CELADON SYSTEMS INC.	62,793	173,057	44,492	128,565	271,505	39,290	39,015	39,015

Note 1. All of the affiliates should be disclosed, irrelevant to scale and size.

Note 2. If the affiliate refers to a foreign company, the relevant figures shall be stated in NTD at the foreign exchange rate prevailing on the date of the report.

Note 3. The financial statements of said affiliates were audited and certified by the external auditor of the parent company.

Note 4. If the investee is a limited company, its EPS shall not apply.

Note 5. Foreign exchange rate prevailing on the date of the report:
RMB:NTD = 1:4.35273; weighted average exchange rate: 1:4.38207
NTD:USD = 1:30.70175 ; weighted average exchange rate: 1:30.71338
NTD:Won=1:0.02391; weighted average exchange rate: 1:0.02424

II. **Private placement of securities in the last year up till the date of publication of the annual report:** N/A

III. **Holding or disposal of the company's shares by subsidiaries in the last year, up till the publication date of this annual report:** N/A

IV. **Other supplementary information:** N/A

V. **Any significant events materially affecting shareholders' equity or the price of securities as defined in Paragraph 2(2) of Article 36 of the Securities and Exchange Act in the most recent year and up to the publication date of the annual report:** N/A

MPI Corporation

Audit Committee's Review Report

The Company's 2023 standalone financial statement and consolidated financial statements submitted by the Board of Directors have been audited by CPAs Chen, Chih-Ling and Chen, Yi-Ling of Nexia Sun Rise CPAs & Co, who believe that the statements should be sufficient to fairly present the financial position, business performance and cash flows of the Company. We, the Audit Committee, also reviewed the business report and motion for earnings allocation submitted together with the financial statements. We hereby recognize said report and statements after conducting the audit on them pursuant to Article 219 of the Company Act and Article 14-4 of Securities and Exchange Act.

To:
MPI Corporation 2024 Annual General Meeting

MPI Corporation
Convener of Audit Committee

March 7, 2024

Independent Accountants' Audit Report

To the Board of Directors and Stockholders of MPI Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters on the financial statements for the year ended December 31, 2023 were as follows:

1. Revenue Recognition

Matter Description

Regarding the accounting policy of revenue recognition, please refer to (27) of Note 4 of the Individual Financial Statements. Regarding relevant disclosure, please refer to (20) of Note 6 and Note 9 Statement of major accounting items - Statement of operating revenue.

Sales revenue is the major index for investors and the management to evaluate the finance or performance of MPI Corporation. As the point in time for revenue recognition and the amount of recognized revenue can make a big difference on the financial statements, the CPA(s) has also reviewed the accuracy of these two key factors during the audit.

Audit Procedures in Response

The CPA(s) has implemented audit procedures in response as summarized below:

(1) Understood and tested the design and implementation efficiency of sales and receiving circulation control system.

(2) Understood the major revenue type and trading terms of MPI Corporation to assess if the accounting policy of point in time for revenue recognition is appropriate.

(3) Understood the product type and sales of the top 10 customers; sampled and reviewed the orders; assessed the influence of trading terms to revenue recognition; and confirmed if MPI Corporation has handled accounting relevant activities appropriately.

(4) Evaluated if the number of days for turning over the sales revenue and payables; and analyzed changes to customers of this and last year at the same time point to see if there is any abnormality.

(5) Implemented the detail test, where transactions of sales revenue before and after the financial statements within a specified period have been sampled to carry out the cut-off test and verify relevant certificates. Changes to the inventory in account books and transferred sales costs have been recorded during an appropriate period of period to evaluate the correctness of the period of recognizing the revenue, ensure if there is any abnormal revenue journal voucher, and understand if there is any grave refund or return after the period.

2. Inventory Valuation

Matter Description

Regarding the accounting policy of inventory valuation, please refer to (15) of Note 4 of Individual Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of inventory valuation, please refer to Note 5 of Individual Financial Statements. Regarding descriptions of inventory accounting items, please refer to (5) of Note 6 of Individual Financial Statements. The Company recognize inventories amounting to NT$3,173,713 thousand and allowance for inventories amounting to NT$555,764 thousand. The book value of the Company's inventories as December 31, 2023 was NT$2,617,949 thousand and accounted 22% of the total assets in the parent company only balance sheet.

MPI Corporation mainly engages in the manufacturing and sales of semiconductor production and testing equipment. Due to rapid technological changes, short life cycle and intense market competition of electronic products, there is a high tendency for inventory valuation loss and losses caused by outdated inventory. The inventory is evaluated by either the cost or net realizable value, depending on which one has the lower value. Inventories that exceed specific inventory age or are evaluated as outdated during individual assessment shall have the inventory loss evaluation conducted also based on the inventory age and future product demand during specific period of time. The information comes from the management's judgement on each product's net realizable value based on the inventory sales, age and quality conditions. As the amount of MPI Corporation's inventory is great; a number of items are included on the inventory list; and the valuation of inventories that have exceeded specific age or are outdated relies heavily on the management's subjective judgement and involves a high degree of uncertainty, the CPA(s) believes that the inventory valuation and obsolescence loss is one of the key audit matters of the year.

Audit Procedures in Response

The CPA(s) has implemented the audit procedures in response as summarized below:

(1) With the CPA's knowledge of the industry and MPI Corporation's operations, evaluated the soundness of the Corporation's policies concerning the allowance for inventory valuation loss and doubtful debts.

(2) Understood MPI Corporation's inventory management procedures, reviewed it's annul inventory plan, and participated in its annual inventory check to evaluate the management's judgement and control efficiency of outdated inventories.

(3) Acquired the list of product inventory age, verified the appropriateness of reporting system logic, and confirmed the consistency of report information and adopted policies.

(4) Evaluated the appropriateness of the methods of calculating inventory valuation impairment, including deciding the inventory classification based on the net realizable value, checking individual material number to verify the basic assumption of the calculation in relevant supporting document, and verify the accuracy of calculation.

Other Matter-Making Reference to the Audits of Component Auditors

As stated in the individual financial statements (6) of Note 6，Certain investments, which were accounted for under the equity method based on the financial statements of the investees, were audited by other independent accountants. Respectively, the related shares of investment income from the subsidiaries amounted to NT$(14,214) thousand and NT$(12,724) thousand. Insofar as it related to the investments accounted for under the equity method balances of NT$72,328 thousand and NT$86,875 thousand as of December 31, 2023 and December 31, 2022.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Accountants' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our accountants' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

NEXIA Sun Rise CPAs & Company

Taipei, Taiwan, Republic of China

March 07, 2024

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

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

MPI CORPORATION

BALANCE SHEETS (ASSETS)

DECEMBER 31, 2023 AND 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

		December 31, 2023		December 31, 2022	
ASSETS	Note	Amounts	%	Amounts	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$ 1,470,454	12	$ 1,352,540	13
Accounts receivable, net	6(4)	421,492	3	436,997	4
Accounts receivable -related parties, net	6(4).7	1,172,286	10	1,101,914	11
Other receivables		23,966	-	14,896	-
Other receivables -related parties	7	48,141	1	41,169	1
Inventories, net	6(5)	2,617,949	22	2,550,278	24
Prepayments		116,671	1	40,835	-
Non-current assets (or disposal group) held for sale,net	6(6)	30,225	-	-	-
Other current assets		1,912	-	380	-
Total Current Assets		5,903,096	49	5,539,009	53
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income－non-current	6(2)	264,028	2	185,738	2
Investments accounted for using equity method	6(7)	1,204,459	10	1,075,734	10
Property, plant and equipment	6(8).7.8	3,225,494	27	3,243,863	31
Right-of-use assets	6(9)	92,200	1	108,737	1
Investment properties, net	6(10)	874,263	7	-	-
Intangible assets	6(11)	47,534	-	33,697	-
Deferred income tax assets	6(22)	141,810	1	128,440	1
Other noncurrent assets	6(12).8	316,422	3	234,269	2
Total Noncurrent Assets		6,166,210	51	5,010,478	47
TOTAL ASSETS		$ 12,069,306	100	$ 10,549,487	100

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION

BALANCE SHEETS (LIABILITIES AND EQUITY)

DECEMBER 31 ,2023 AND 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

LIABILITIES AND EQUITY	Note	December 31,2023 Amounts	%	December 31,2022 Amounts	%
CURRENT LIABILITIES					
Contract liabilities－current	6(20).7	593,488	5	554,316	5
Accounts payable		530,444	4	498,628	5
Accounts payable-related parties	7	11,637	-	12,760	-
Payables on equipment		142,294	1	60,029	1
Other payables	6(14)	1,051,842	10	989,091	10
Other payables-related parties	7	22,288	-	28,431	-
Income tax payable		219,818	2	217,435	2
Provisions-current	6(15)	17,662	-	12,696	-
Lease liabilities－current	6(9)	43,518	-	42,070	-
Current portion of long-term loans	6(17)	166,579	1	103,740	1
Other current liabilities		15,648	-	13,703	-
Total Current Liabilities		2,815,218	23	2,532,899	24
NONCURRENT LIABILITIES					
Long-term loans	6(17)	1,511,023	13	1,024,162	10
Provisions-non-current	6(15)	1,748	-	1,317	-
Deferred income tax liabilities	6(22)	36,099	-	9,525	-
Lease liabilities－non-current	6(9)	49,758	1	67,675	1
Net defined benefit liability	6(18)	26,132	-	26,985	-
Other noncurrent liabilities		14,833	-	1,457	-
Total Noncurrent Liabilities		1,639,593	14	1,131,121	11
TOTAL LIABILITIES		4,454,811	37	3,664,020	35
EQUITY	6(19)				
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
Capital common stock		942,311	8	942,311	9
Capital surplus		1,744,545	14	1,744,545	17
Retained earnings					
Appropriated as legal capital reserve		901,088	7	779,739	7
Appropriated as special capital reserve		79,853	1	80,205	1
Unappropriated earnings		3,955,786	33	3,418,520	32
Total Retained Earnings		4,936,727	41	4,278,464	40
Other					
Foreign currency translation adjustments		(63,098)	-	(55,687)	(1)
Unrealized gain(loss) on financial assets at fair value through other comprehensive income-parent company	6(2)	54,988	-	(23,302)	-
Unrealized gain(loss) on financial assets at fair value through other comprehensive income-subsidiaries accounted for using equity method	6(6)	(978)	-	(864)	-
Total others		(9,088)	-	(79,853)	(1)
TOTAL EQUITY		7,614,495	63	6,885,467	65
TOTAL LIABILITIES AND EQUITY		$ 12,069,306	100	$ 10,549,487	100

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Note	January 1 ~ December 31,2023		January 1 ~ December 31,2022 (After restatement)	
		Amounts	%	Amounts	%
OPERATING REVENUE, NET	6(20).7				
Sales revenue		$ 6,756,151	100	$ 6,247,577	100
Less: sales returns		(4,364)	-	(2,026)	-
sales discounts and allowances		(5,885)	-	(144)	-
Operating Revenue, net		6,745,902	100	6,245,407	100
OPERATING COSTS	6(5).7	(3,730,761)	(55)	(3,510,128)	(56)
GROSS PROFIT		3,015,141	45	2,735,279	44
Unrealized Gross profit on sales to subsidiaries and associates		(20,314)	-	(11,898)	-
Realized Gross profit on sales to subsidiaries and associates		19,878	-	19,589	-
GROSS PROFIT, NET		3,014,705	45	2,742,970	44
OPERATING EXPENSES					
Selling expenses		(686,805)	(10)	(610,669)	(10)
General & administrative expenses		(401,840)	(6)	(361,509)	(6)
Research and development expenses	6(9)	(747,557)	(11)	(708,047)	(11)
Expected Credit (losses) gains	6(4)	2,056	-	560	-
Operating expenses, net		(1,834,146)	(27)	(1,679,665)	(27)
OPERATING INCOME		1,180,559	18	1,063,305	17
NON-OPERATING INCOME AND EXPENSES					
Other gains and losses,net	6(21)	29,074	-	132,360	2
Finance costs	6(21)	(20,492)	-	(11,436)	-
Share of profits of subsidiaries and associates	6(6)	208,047	3	132,436	2
Interest income	6(21)	19,550	-	2,901	-
Rent income	6(8)	35,172	1	20,111	-
Dividend income		6,995	-	1,399	-
Other non-operating revenue-other items		101,105	1	88,108	1
Total Non-operating Income and Expenses		379,451	5	365,879	5
INCOME BEFORE INCOME TAX		1,560,010	23	1,429,184	22
INCOME TAX EXPENSE	6(22)	(238,814)	(4)	(210,103)	(3)
NET PROFIT FOR CONTINUING OPERATIONS		1,321,196	19	1,219,081	19
GAIN (LOSSES) ON DISCONTINUED OPERATIONS	6(6)	(9,297)	-	(5,456)	-
NET INCOME		1,311,899	19	1,213,625	19
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that are not to be reclassified to profit or loss					
Re-measurements from defined benefit plans		5,982	-	(129)	-
Unrealized gain(losses) on valuation of equity instruments at fair value through other comprehensive income	6(2)	78,290	1	(21,762)	-
Share of Unrealized gain(losses) on valuation of equity instruments at fair value through other comprehensive income of subsidiaries and associates	6(6)	(114)	-	(864)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(7,411)	-	22,978	-
Other comprehensive income (loss) for the year, net of income tax		76,747	1	223	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 1,388,646	20	$ 1,213,848	19
EARNINGS PER COMMON SHARE(NTD)	6(23)	After-tax		After-tax	
Basic earnings per share		$ 13.92		$ 12.89	
Diluted earnings per share		$ 13.83		$ 12.74	

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION

STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31 ,2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Capital		Retained Earnings			Others		
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealised gain(losses) on financial assets at fair value through other comprehensive income	Total Equity
BALANCE,JANUARY,1,2022	$ 940,738	$ 1,736,500	$ 710,848	$ 79,234	$ 2,651,200	$ (78,665)	$ (1,540)	$ 6,038,315
Legal capital reserve			68,891		(68,891)			-
Special reserve				971	(971)			-
Cash Dividends of Common Stock					(376,314)			(376,314)
Capital Reserve From Stock Warrants		8,732						8,732
Other changes in capital surplus		(687)						(687)
Net Income in 2022					1,213,625			1,213,625
Other comprehensive income (loss) in 2022, net of income tax					(129)	22,978	(22,626)	223
Total comprehensive income (loss) in 2022	-	-	-	-	1,213,496	22,978	(22,626)	1,213,848
Convertible Bonds Transferred To Common Stock	1,573	-						1,573
BALANCE,DECEMBER,31,2022	$ 942,311	$ 1,744,545	$ 779,739	$ 80,205	$ 3,418,520	$ (55,687)	$ (24,166)	$ 6,885,467
BALANCE,JANUARY,1,2023	$ 942,311	$ 1,744,545	$ 779,739	$ 80,205	$ 3,418,520	$ (55,687)	$ (24,166)	$ 6,885,467
Legal capital reserve			121,349		(121,349)			-
Special reserve				(352)	352			-
Cash Dividends of Common Stock					(659,618)			(659,618)
Net Income in 2023					1,311,899			1,311,899
Other comprehensive income (loss) in 2023, net of income tax					5,982	(7,411)	78,176	76,747
Total comprehensive income (loss) in 2023	-	-	-	-	1,317,881	(7,411)	78,176	1,388,646
BALANCE,DECEMBER,31,2023	$ 942,311	$ 1,744,545	$ 901,088	$ 79,853	$ 3,955,786	$ (63,098)	$ 54,010	$ 7,614,495

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION

STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2023	Jan 1 ~ Dec 31, 2022 (After restatement)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (losses) before income tax of continuing operations	$ 1,560,010	$ 1,429,184
Income (losses) before tax of discontinued operations	(9,297)	(5,456)
Income before income tax	1,550,713	1,423,728
Adjustments to reconcile net income to net cash		
Depreciation	354,347	367,477
Amortization	66,426	49,774
Expected credit loss(gain)	(2,056)	(560)
(Gain) loss on Financial Assets (Liabilities) at Fair Value through Profit or Loss	-	48
Interest expense	20,492	11,436
Interest revenue	(19,550)	(2,901)
Dividend income	(6,995)	(1,399)
Loss (gain) on equity-method investments	(198,750)	(126,980)
(Gain) loss on disposal of property, plant and equipment	(2,765)	6,882
Unrealized gross profit on sales to subsidiaries and associates	20,314	11,898
Realized gross profit on sales to subsidiaries and associates	(19,878)	(19,589)
(Gain) loss on lease modification	(1)	(211)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (Increase) in accounts receivable	17,560	170,852
Decrease (Increase) in accounts receivable-related parties	(70,372)	(190,737)
Decrease (Increase) in other receivables	(8,359)	(2,919)
Decrease (Increase) in other receivables-related parties	(6,971)	(4,293)
Decrease (Increase) in inventories	(67,671)	(125,563)
Decrease (Increase) in prepayments	(75,835)	2,427
Decrease (Increase) in other current assets	(1,532)	(128)
Net changes in operating liabilities		
(Decrease) Increase in contract liabilities	39,172	(19,000)
(Decrease) Increase in accounts payable	31,816	(32,389)
(Decrease) Increase in accounts payable-related parties	(1,123)	1,929
(Decrease) Increase in other accounts payable	62,752	209,641
(Decrease) Increase in other accounts payable-related parties	(7,782)	6,421
(Decrease) Increase in provision of liabilities	5,397	(626)
(Decrease) Increase in other current liabilities	1,945	(1,114)
(Decrease)Increase in net defined benefit liability	5,130	5,512
Cash generated from operations	1,686,424	1,739,616
Interest received	18,838	2,319
Interest paid	(18,711)	(9,209)
Cash dividends paid	(659,618)	(376,314)
Income taxes paid	(223,228)	(118,621)
Net cash Provided By Operating Activities	803,705	1,237,791

(Continue)

MPI CORPORATION

STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2023	Jan 1 ~ Dec 31, 2022 (After restatement)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through other comprehensive income	-	(41,040)
Acquisition of non-current assets held for sale	(1,335)	-
Acquisition to property, plant and equipment	(269,851)	(261,884)
Proceeds from disposal of property, plant and equipment	6,917	7,783
Acquisition of Intangible assets	(56,509)	(48,387)
Acquisition of investment properties	(814,109)	-
Decrease in other financial assets	244	-
Increase in other non-current assets	(106,150)	(79,565)
Cash dividends received	45,542	39,424
Net cash Provided By (Used In) Investing Activities	(1,195,251)	(383,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(100,000)
Issuance of long-term loans	549,700	-
Repayments of long-term loans	-	(6,978)
Increase in Guarantee Deposits Received	13,376	101
Cash payments for the principal portion of the lease liability	(53,616)	(51,712)
Net cash Provided By (Used In) Financing Activities	509,460	(158,589)
Net increase (decrease) in cash and cash equivalents	117,914	695,533
Cash and cash equivalents at beginning of year	1,352,540	657,007
Cash and cash equivalents at end of year	$ 1,470,454	$ 1,352,540

(The accompanying notes are an integral part of the parent company only financial statements)

MPI CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in NT$1,000, Unless Otherwise Noted)

1. Company profile

(1) MPI Corporation (hereinafter referred to as the "Company") was founded according to the Company Law and other related laws on July 25, 1995. Upon capital increase for several times, the Company's paid-in capital has been NT$942,311 thousand and outstanding stock has been 94,231,106 shares until December 31, 2023. Upon resolution of the general shareholders' meeting on June 12, 2018, the Company raised the authorized capital as NT$1,200,000,000, divided into 120,000,000 shares at par value of NT$10 per share. The board of directors is authorized to issue the stock in lots. NT$50,000 thousand is withheld from the gross capital referred to in the preceding paragraph, divided into 5,000,000 shares at par value of NT$10 per share, available for the subscription by exercise of stock warrants and issued upon resolution of a directors' meeting.

(2) The Company primarily engage in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments.

(3) The Company was approved to initiate the IPO in July 2001, and started to trade on Taiwan Stock Exchange as of January 6, 2003.

2. Date and procedure for ratification of financial report

The parent company only financial statement have been approved and released by the Board of Directors on March 7, 2024.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International reform – pillar two model rules’	May 23 , 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 –comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The parent company only accounting policies applied by the financial statements are summarized as follows: Unless otherwise provided, the following accounting policies have been applied during the presentation period of the parent company only financial statements.

(1) Statement of compliance

This parent company only financial statement is prepared in accordance with the "Criteria for the Compilation of Financial Statements by Securities Issuers".

(2) Basis for preparation

A. Basis for measurement

Except the following important items in the balance sheet, the financial statement was prepared based on the historical cost:

(1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(3) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. Functional currency and presentation of currency

The functional currency of each of the Company entities shall be subject to the currency applicable in the main economic environment in which its business place is situated. The parent company only financial statements should be presented based on the Company's functional currency, NTD. Unless otherwise noted, all of the financial information presented in NTD should be held presented in NTD 1,000 as the currency unit.

(3) Foreign currency

A. Foreign currency transactions

The foreign currency exchange shall be stated at the functional currency translated at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency on the reporting date shall be stated at the functional currency translated at the exchange rate on the same day. The exchange gain or loss refers to the difference between the amounts upon adjustment of the valid interest, payment on the same period based on the amortized cost denominated in the functional currency, the amount translated from the amortized cost denominated in foreign currency at the exchange rate on the reporting date. The non-monetary items at fair value denominated in foreign currency shall be stated at the functional currency re-translated at the exchange rate prevailing on the same date of fair value measurement, while the non-monetary items at historical cost denominated in foreign currency shall be stated at the functional currency translated at the exchange rate on the date of transaction. Other than the foreign currency exchange difference generated from the translation of the application of IFRS 9 foreign currency items which in the process of applying the financial instrument accounting policies, financial liabilities designated as net investment hedge for foreign operations or qualified cash flow hedging, which shall be stated as other comprehensive income, any difference shall be stated as income.

B. Foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be translated into functional currency at the exchange rate prevailing on the reporting date. Unless in the case of inflation, the income and expense & loss items shall be translated into functional currency at the average exchange rate in the current period, and the exchange different generated therefore shall be stated as other comprehensive income.

When disposition of foreign operations results in loss of control, common control or any material effect, the accumulated exchange difference related to the foreign operations shall be reclassified into income in whole. If the disposition involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposition involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income on a pro rata basis.

If no repayment program is defined with respect to receivable or payable items of foreign operations denominated in currency and it is impossible to repay the same in the foreseeable future, the foreign currency exchange gain or loss generated therefore shall be held a part of the net investment in the foreign operations and stated as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Current and non-current assets and liabilities

Assets which meet one of the following conditions shall be classified into current assets, and any assets other than the current assets shall be classified into noncurrent assets:

A. Assets expected to be realized, or intent to be sold or consumed, in the Company's normal operating cycle.
B. Assets primarily held for the purpose of trading.
C. Assets expected to be realized within 12 months after the date of the balance sheet.
D. Cash or cash equivalent, exclusive of the assets to be used for an exchange or to

settle a liability, or otherwise remain restricted at more than 12 months after the date of the balance sheet.

Liabilities which meet one of the following conditions shall be classified into current liabilities, and any liabilities other than the current liabilities shall be classified into noncurrent liabilities:

A. Liabilities expected to be repaid in the Company's normal operating cycle.

B. Assets primarily held for the purpose of trading.

C. Assets expected to be discharged within 12 months after the date of the balance sheet.

D. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet. Terms of a liability that could, at the option of the counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalent

Cash or cash equivalent include cash on hand, demand deposits, and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The bank time deposits to initially expire within one year are intended to satisfy the short-term cash commitment instead of investment or others, which may be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and, therefore, are stated as cash or cash equivalent.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

Including financial assets at amortised cost and accounts receivable or contract assets that have a significant financing component , at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading-if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b)They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c)They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(12) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(13) Convertible bonds payable

Convertible bonds or issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds or are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(14) Derecognition of financial liabilities

A. A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

B. Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.

C. Where there has been a substantial renegotiation or modification of the terms of an existing financial liability and resulted in a significant discrepancy which is at least ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.

(15) Inventory

The inventories shall be stated at the lower of cost and net realizable present value. The cost should include the costs of acquisition, production or processing or others incurred when the inventory is sellable or producible and at the location where the inventory is sellable or producible, and calculated under weighted average method. The costs of inventories for finished goods and work in process include the manufacturing expenses amortized based on the normal productivity on a pro rata basis.

Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs under the normal operation.

(16) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and stop arranging the depreciation.

(17) Investment accounted for using equity method/associates

An affiliate means an entity in which the Company has major influence over the financial and operating policies but has no control over the same. The Company will be assumed having major influence when it holds 20%~50% of the voting right in the investee.

Under the equity method, the investment is stated at cost at time of acquisition initially. The investment includes trading cost. The book value of investment in affiliates includes the goodwill identified at the time of initial investment less any accumulated impairment loss.

The parent company only financial statements shall include the income from the invested affiliates recognized subject to the shareholdings and other comprehensive income upon adjustment made in line with the Company's accounting policy, from the date when the Company has major influence until the date when the Company loses the major influence.

The unrealized gains from transactions between the Company and affiliates have been derecognized from the Company's equity in the investees. The unrealized loss shall be derecognized in the same manner applicable to unrealized gains; provided that the unrealized loss is limited to that arises under no impairment evidence is available.

When the Company's share of loss from any affiliate to be recognized on a pro rata basis is equivalent to or more than its equity in the affiliate, it shall stop recognizing the loss, but shall recognize the additional loss and relevant liabilities only when legal obligation or constructive obligation is incurred or the Company makes payment on behalf of the investee.

Where the Company forfeits its material influence over an affiliate when the Company disposes of the affiliate, the capital surplus related to the affiliate will be stated as income, provided that where it still has material influence over the affiliate, the capital surplus shall be stated as income based on the proportion of disposition.

(18) Investment in subsidiaries

In compiling the financial statements for the individual entities, the company shall valuate the investee of which the company has dominant control under the equity method. Under the equity method, income of current period and other comprehensive incomes as presented in the financial statement of the individual entity shall be identical with the income of current period and other comprehensive incomes attributable to the proportion allocated to the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the financial statement of the individual entities shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.

If the change in all shareholders' equities of the subsidiaries does not cause the loss of dominant control of the company, handled as equity transactions with the shareholders.

The subsidiary's financial statement shall be included into the consolidated financial statements as of the date of acquisition of the control is acquired, until the date of loss of the control.

(19) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipment shall be recognized and measured using a cost model, and measured at the cost less accumulated depreciation and accumulated impairment. The costs include the expenses directly attributable to the acquisition of assets. The costs of self-built assets include the costs of raw materials and direct labor, any other costs directly attributable to usable status of investment assets, costs of dismantling and removal of the items and recovery of premises, and loan cost that meets the requisite asset capitalization. Meanwhile, the costs also include the purchase of property, plant and equipment denominated in foreign currency.

When property, plant and equipment consist of various components, and the total cost for the item is significant and it is advisable to apply different depreciation ratio or methods, the property, plant and equipment should be treated separately (for major components).

The gain or loss on disposal of property, plant and equipment shall be decided based on the price difference between the book value of property, plant and equipment and proceeds on disposal of the same and recognized as the "other gains and losses" in the income statement on a net basis.

B. After cost

If the future economic effect expected to be generated from the after expenses of property, plant and equipment is very likely to flow into the Company and the amount thereof may be measured, the expenses shall be stated as a part of the book value and the relocated book value should be derecognized. The routine maintenance and repairs of property, plant and equipment shall be stated as income when incurred.

C. Depreciation

The depreciation shall be calculated at the cost of assets less residual value using the straight-line method over the estimated useful years, and evaluated based on the various major components of the assets. If the useful years for any component are different from those of other components, the component shall be depreciated separately. The depreciation shall be stated as income.

No depreciation of land is required.

The estimated useful years in the current period and comparative period are stated as follows:

Item	Useful years
House and building	
Plant and dormitory	20-50
Clean room	18-20
Electrical and mechanical facilities	5-20
Others	1-20
Machine and equipment	1-9
Furniture and fixtures	3-6
Research equipment	1-6
Other equipments	2-6

D. Depreciation, useful years and residual value shall be reviewed at the end of each fiscal year. If the expected value is different from the previous estimate, adjustment should be made if necessary, and the changes shall be treated as changes in accounting estimates.

(20) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(21) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d)An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(22) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(23) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Internally generated intangible assets—research and development expenses

(a) Research expenditures are recognized as an expense as incurred.

(b) Development expenditures that do not meet the following criteria are recognised as expenses as incurred, but are recognised as intangible assets when the following criteria are met:

Ⓐ It is technically feasible to complete the intangible asset so that it will be available for use or sale;

Ⓑ An entity intends to complete the intangible asset and use or sell it;

Ⓒ An entity has the ability to use or sell the intangible asset;

Ⓓ It can be demonstrated how the intangible asset will generate probable future economic benefits;

Ⓔ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; And

Ⓕ The expenditure attributable to the intangible asset during its development can be reliably measured.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(24) Impairment of non-financial assets

A. The Company will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset's face value. The recoverable amount means the higher of fair value of one asset less its disposition cost, or its useful value. Impairment loss recognized in previous years on assets other than goodwill may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.

B. The recoverable amount of goodwill, intangible assets with indefinite useful years and intangible assets not available for use shall be estimated periodically. Impairment loss would be recognized if the recoverable amount falls below the face value. The impairment loss on goodwill shall not be reversed in following years.

C. Goodwill shall be amortized to cash generation unit for the purpose of testing impairment. The amortization is identified by operations to amortize goodwill into cash generation unit or cash generation unit Company expected to benefit from the merger of businesses generating the goodwill.

(25) Reserve for liabilities

The reserve for liabilities shall be recognized when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company's reserve for liabilities for warranty shall be recognized when the goods or services are sold. The reserve for liabilities shall be measured under weighted method based on the historical warranty information and potential results subject to the relevant possibility.

(26) Treasury stock

The issued stock recalled by the Company is stated based on the consideration paid for repurchase (including direct vested cost), recognized as "treasury stock" at the net after tax and presented as a deduction from equity. Where the gain on disposal of treasury stock is higher than the book value, the difference shall be credited under the title “additional paid-in capital-transaction of treasury stock”. Where the gain is lower than the book value, the difference is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. The book value thereof is calculated based on the weighted average method according to the type of stock (common stock or special shares) and causes for the withdrawal.

Cancellation of treasury stock shall be credited under the title “treasury stock”, and debited as “additional paid-in capital-stock premium” and “capital stock”. Where the book value of treasury stock is higher than the total of the book value and stock premium, the balance is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. Where the book value of treasury stock is lower than the total of the book value and stock premium, the difference should be credited as the additional paid-in capital generated from the transactions of treasury stock under the same type.

(27) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells a range of semi-conductor production process and testing equipments in the market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. The sales usually are made with a credit term of 60-210 days after inspection. The term is consistent with market practice, therefore determining that the contract does not include a significant financing component.

(b) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Labor service

The Company provides semi-conductor production process and testing equipments proxy services. Revenue from providing services is recognized in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

C. Financing components

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

D. Incremental costs of obtaining a contract

The Company recognizes an asset (shown as 'Prepayments ') the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Company expects to recover those costs. The recognized asset is amortized on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Company recognizes an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Company expects to receive less the costs that have not been recognized as expenses.

(28) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(29) Government subsidies

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Company, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

(30) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

B. Pension

(a) Defined contribution plan

Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(b) Defined benefit plan

Ⓐ The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate shall be based on the market yield rate of corporate bonds of high credit standing that have the same currency exposure and maturity date as the obligations on the balance sheet date, but the market yield rate of government bonds (on the balance sheet date) shall apply in the country where no market of corporate bonds of high credit standing is available.

Ⓑ The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

Ⓒ The expenses related to the service cost in the previous period shall be recognized as income immediately.

Ⓓ The interim pension cost applied the pension cost ratio decided upon actuation at the end of the previous fiscal year, and was calculated from the beginning of year until the end of the current period. In the case of material changes in market and material reduction, repayment or other important event at the end, it shall be adjusted and related information shall be disclosed pursuant to said policies.

C. Resignation benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company will not state the benefits as expenses until the offer of benefits cannot be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(31) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(32) Income tax

A. The tax expenses for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

G. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

H. If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(33) <u>Business combination</u>

A. The Company adopts the acquisition method to proceed with business combination. The consideration for combination is calculated at the fair value of the assets to be transferred or liabilities to be derived or borne and the equity instruments to be issued. The consideration for the transfer includes the fair value of any assets and liabilities generated from the contingent consideration agreement. The cost related to acquisition is stated as expense when it is incurred. The identifiable assets and liabilities acquired from the business combination shall be measured at the fair value on the day of acquisition. Based on individual acquisition transaction, the elements of non-controlling equity which refer to the current ownership, of which the holder is entitled to the business's net assets on a pro rata basis at the time of liquidation may choose to measure the fair value based on the fair value on the date of acquisition or subject to proportion of non-controlling equity in the acquired identifiable net assets. The other elements of non-controlling equity shall be measured at the fair value on the date of acquisition.

B. Goodwill arises when the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held exceeds the fair value of identifiable assets and liabilities. The price difference shall be stated as income on the date of acquisition if the fair value of identifiable assets and liabilities as acquired exceeds the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held.

(34) EPS

The Company will enumerate the basic and diluted EPS vested in the Company's common stock holders. The Company’s EPS is calculated based on the income vested in the Company's common stock holders dividing by the number of shares of the weighted average outstanding common stock. The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the number of shares of the weighted average outstanding common stock. The Company's potential diluted common stock includes the stock options granted to employees.

(35) Information by department

The company has already disclosed the information on the segments in the consolidated financial statements and no disclosure of segments will be made in the financial statement of individual entities.

5. Significant accounting judgments, estimations, and major sources of hypotheses of uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

A. Critical judgements in applying the Company's accounting policies

Revenue recognition on a net/gross basis

(1) The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

(2) Indicators that the Company controls the good or service before it is provided to a customer include the following:

(a) The Company is primarily responsible for the provision of goods or services;

(b) The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

(c) The Company has discretion in establishing prices for the goods or services.

B. Critical accounting estimates and assumptions

(1) Allowance for uncollectible of receivable accounts

The Company evaluates and estimates the collectible receivable accounts and allowance for uncollectible accounts according to the loan quality and collection of debt from customers and based on the past experience in collecting allowance for uncollectible accounts. If some event or change resulting in failure to collect the debt shows, it is necessary to estimate the allowance for uncollectible accounts. If the projected collected cash is different from the estimation, the difference will affect the book value of receivable accounts and expected credit loss in the year in which the estimation is changed. Until December 31, 2023, the book value of receivable accounts has been NT$1,593,778 thousand (exclusive of the allowance for uncollectible accounts, NT$2,772 thousand).

(2) Evaluation of inventory

The inventories shall be stated at the lower of cost and net realizable present value. Therefore, the Company has to decide the net realizable present value of the inventory on the balance sheet date based on judgment and estimation. Due to the rapid transformation of technology, the Company evaluates the value of inventories after excluding the torn and worn, out-of-fashion or unmarketable ones on the balance sheet date, and offset the cost of inventories against net realizable value. Until December 31, 2023, the book value of the Company's inventories has been NT$2,617,949 thousand (exclusive of the allowance for inventory devaluation and obsolescence loss, NT$555,764 thousand).

(3) Realizability of deferred income tax assets

Deferred income tax assets shall be recognized only when it is very likely that there will be sufficient taxable income afford to deduct temporary difference. To evaluate the realizability of deferred income tax assets, the management has to exert judgment and estimation, including the hypotheses about expectation toward growth and profit rate of future sale revenue, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets. As of December 31, 2023, the deferred income tax assets recognized by the Company have been NT$141,810 thousand.

(4) Recognition of revenue

In principle, sale revenue is recognized at the time the earning process. The related reserve for liabilities is provided based on the estimated after-sale warranty cost potentially incurred due to historical experience and other known causes, and stated as the sale cost in the period in which the product is sold. The reasonableness of estimation is also reviewed periodically. As of December 31, 2023, the reserve for liabilities recognized by the Company have been NT$19,410 thousand.

(5) Calculation of net defined benefit liability

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. As of December 31, 2023, the carrying amount of net defined liabilities was NT$26,132 thousand.

6. Notes to Major Accounting Titles

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 3,556	$ 2,960
Bank deposit:		
Foreign currency deposit	297,320	257,343
Demand deposit	893,262	251,105
Time deposit	276,316	841,132
Total	$ 1,470,454	$ 1,352,540

The bank deposits provided by the Company as specific or restricted use have been re-stated as other non-current assets. Please see Note 8.

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

	December 31, 2023	December 31, 2022
Current Items：	$ －	$ －
Non-current items：		
Equity instruments		
Stock in domestic listed company through private placement -Spirox Corporation	168,000	168,000
Domestic innovation board common stock -PlayNitride Inc.	41,040	41,040
Valuation adjustment	54,988	(23,302)
Total	$ 264,028	$ 185,738

A. The Company has passed the acquisition of common stock of Spriox Corporation 7,000 thousand shares through private placement by the Board of Directors meeting in November 25, 2021. The consideration of acquisition is NT$168,000 thousand.

B. The Company has passed the acquisition of common stock of PlayNitride Inc. 380 thousand shares in August, 2022. The consideration of acquisition is NT$41,040 thousand.

C. Investment in equity instruments at fair value through other comprehensive income
The purpose that the Company invests in the equity instruments is for long-term strategies, but rather for trading purpose. Therefore, those equity instruments are designated as financial assets at fair value through other comprehensive income.

D. The amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below：

	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 78,290	$ (21,762)

E. As of December 31, 2023 and December 31, 2022,financial assets at fair value through other comprehensive income were not pledged as collateral.

F. Information relating to risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(3) <u>Note receivables, net</u>：None.

(4) <u>Accounts receivable, net</u>

	December 31, 2023	December 31, 2022
Accounts receivable	$ 424,264	$ 441,825
Less: Allowance for uncollectible accounts	(2,772)	(4,828)
Accounts receivable, net	$ 421,492	$ 436,997

	December 31, 2023	December 31, 2022
Accounts receivable -related party	$ 1,172,286	$ 1,101,914
Less: Allowance for uncollectible accounts	—	—
Accounts receivable -related party, net	$ 1,172,286	$ 1,101,914

	December 31, 2023	December 31, 2022
Overdue receivable (stated as other non-current assets)	$ —	$ —
Less: Allowance for uncollectible accounts	—	—
Overdue receivable, net	$ —	$ —

A. The Company's receivable accounts were incurred for business and never been provided as collateral.

B. For the information about the changes of allowance for uncollectible accounts provided for the impairment on receivable accounts and account age analysis on loans (for the disclosure of credit risk, please see Note 12(2)):

	Group provision	Individual provision	Total
At January 1,2023	$ 4,828	—	$ 4,828
Provision for impairment	—	—	—
Reversal of impairment	(2,056)	—	(2,056)
Write-offs during the period	—	—	—
At December 31, 2023	$ 2,772	—	$ 2,772
At January 1,2022	$ 5,388	—	$ 5,388
Provision for impairment	—	—	—
Reversal of impairment	(560)	—	(560)
Write-offs during the period	—	—	—
At December 31, 2022	$ 4,828	—	$ 4,828

C. The ageing analysis of accounts receivable is stated as follows:

	December 31, 2023		December 31, 2022	
	Total	Impairment	Total	Impairment
Neither past due nor impaired	$ 1,572,113	$ —	$ 1,481,172	$ —
Overdue for 1~90 days	21,048	1,473	57,750	4,043
Overdue for 91~180 days	933	140	4,189	628
Overdue for 181~360 days	276	69	628	157
Overdue for 1~2 years	2,180	1,090	—	—
Overdue for more than 2 years	—	—	—	—
Total	$ 1,596,550	$ 2,772	$ 1,543,739	$ 4,828

The above ageing analysis was based on past due date.

D. As of December 31, 2023 and December 31, 2022, accounts receivable were all from contracts with customers.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw material	$ 869,678	$ (339,764)	$ 529,914
Supplies	209,086	(66,482)	142,604
Work in progress	468,797	(12,814)	455,983
Semi-finished goods	479,888	(119,925)	359,963
Finished goods	1,106,339	(16,712)	1,089,627
Commodity	5,258	(67)	5,191
Materials and supplies in transit	34,667	—	34,667
Inventory, net	$ 3,173,713	$ (555,764)	$ 2,617,949

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw material	$ 829,462	$ (309,298)	$ 520,164
Supplies	181,497	(55,020)	126,477
Work in progress	593,824	(15,013)	578,811
Semi-finished goods	494,497	(108,864)	385,633
Finished goods	929,722	(11,875)	917,847
Commodity	5,730	(67)	5,663
Materials and supplies in transit	15,683	—	15,683
Inventory, net	$ 3,050,415	$ (500,137)	$ 2,550,278

A. Expenses and losses related to inventory recognized in the current period:

	2023	2022
Cost of inventories sold	$ 3,560,811	$ 3,277,461
Loss on market price decline inventories (gain from price recovery)	55,626	118,748
Loss on obsolescence of inventory	20,713	31,178
Other operating costs- employees' bonus	83,179	76,585
Estimated warranty liabilities	10,432	6,156
Operating Cost	$ 3,730,761	$ 3,510,128

B. As of December 31, 2023 and 2022, the inventory was not pledged as collateral.

(6) Non-current assets held for sale and disposal group

A. Discontinued operations

For the market situation and business strategy adjustment, the Company has passed the disposal of total share capital of the 80% ownership subsidiary – Megtas Co., Ltd. and BH equipment, by the Board of Directors meeting in May 11, 2023. Due to the expected selling price was higher than the carrying amount of the related net assets, there was no impairment loss when the units classified as held for sale. Until the date of the accountant's report, the related assets and liabilities was classified as held for sale as the disposal has not completed. The Company considered Megtas Co., Ltd. as a single significant cash-generating unit, and classified the cash-generating unit as discontinued operation. For the presentation of the consolidated statements of comprehensive income for year ended December 31, 2023, the Company restated the items of profit and loss for year ended December 31, 2022 in order to enhance the relevance of the year-over-year information.

The profit or loss of the discontinued operation-subsidiary-MEGTAS CO., LTD. were as follows:

	2023	2022
Investment income (loss) recognized under equity method	$ (9,297)	$ (5,456)

There were no income tax gains or losses generated by the gains (losses) on discontinued operations.

B. Disposal group held for sale

	December 31, 2023
Investments accounted for using equity method	$ 23,517
Property, plant and equipment	6,708
Non-current assets (or disposal group) held for sale, net	$ 30,225

(7) Investments accounted for using equity method

The investment of the company accounted for under the equity method on the ending day of the financial reporting period:

	December 31, 2023		December 31, 2022	
Investee	Book value	Ratio of shareholding %	Book value	Ratio of shareholding %
Subsidiaries:				
MPI TRADING CORP.	$ 57,266	100 %	$ 58,296	100 %
MMI HOLDING CO., LTD.	842,201	100 %	681,113	100 %
MEGTAS CO.,LTD.	—	—	33,108	80 %
Chain-Logic International Corp.	261,284	100 %	249,331	100 %
Allstron Corporation	1,090	100 %	1,463	100 %
MPA TRADING CORP.	42,618	100 %	52,423	100 %
Total	$ 1,204,459		$ 1,075,734	
Transfer to Non-current assets held for sale and disposal group:				
MEGTAS CO.,LTD.	$ 23,517	80 %	$ —	—

A. Changes in investment under equity method:

	2023	2022
Balance, beginning	$ 1,075,734	$ 956,974
Increase in investment in the current period	—	—
Cash dividend distributed by subsidiaries	(38,547)	(38,025)
Investment income (loss) recognized under equity method	198,750	126,980
Exchange difference arising from translation of the financial statement of foreign operations	(7,411)	22,978
Realized (unrealized) income from downstream transactions with investees	(436)	7,691
Other comprehensive income–Unrealized gain(loss) on financial assets at fair value through other comprehensive income	(114)	(864)
Transfer from Credit balance of investments account for using equity method	(23,517)	—
Balance, ending	$ 1,204,459	$ 1,075,734

B. The information about subsidiaries important to the consolidated companies is stated as following:

Refer to the consolidated financial statements of FY2023.

C. Book value and share of operating result of the affiliates not important to the Company individually：None.

D. The Company recognized the income of these investees on the basis of their respective audited financial statements in proportion to the investment by the company accounted for under the equity method in 2023 and 2022.

E. The financial statements of subsidiary MEGTAS CO., LTD. in FY2023 and FY2022 were audited by other certified public accountants. We did not audit these statements and based on the statements audited by other certified public accountants to recognize investment gain (loss) amounting to NT$(9,297) thousand and NT$(5,456) thousand, respectively.

The financial statements of subsidiary MPI AMERICA INC. (include Celadon Systems Inc.) in FY2023 and FY2022 were audited by other certified public accountants. We did not audit these statements and based on the statements audited by other certified public accountants to recognize investment (loss) amounting to NT$(4,917) thousand and NT$(7,268) thousand, respectively.

F. The Company acquired 100% of the shares of Allstron Corporation in March 2014 and controlled the company in whole.

Goodwill Impairment

Upon the discussion of the management and report to the Board of Directors in 2016, the Company has, according to the forecasted cash flow of the subsidiary of the Group - Allstron Probing Solution, recognized the difference between the investment cost of the original investment day and the net equity value in the goodwill impairment loss with a value of NT$45,533 thousand on December 2016.

G. Information of increase and decrease in investment in the current period please refer to Note 13(2).

H. Guarantee

As of December 31, 2023 and 2022, the company had not pledged its investment accounted for under the equity method as collaterals.

(8) Property, plant and equipment

A. The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	House and building	Machine and equipment	Furniture and fixtures	Research equipment	Other equipments	Construction in progress	Total
Cost:								
January 1, 2023	$ 770,963	$ 2,405,065	$ 942,558	$ 64,524	$ 513,396	$ 4,421	$ 113,457	$ 4,814,384
Additions	-	46,835	47,341	32,401	24,282	477	40,921	192,257
Disposals	-	-	(286,272)	(19,015)	(212,157)	(268)	-	(517,712)
Transfer	7,698	37,401	137,523	277	15,998	-	(127,737)	71,160
Reclassify to disposal group held for sale	-	-	(19,809)	-	-	-	-	(19,809)
December 31, 2023	$ 778,661	$ 2,489,301	$ 821,341	$ 78,187	$ 341,519	$ 4,630	$ 26,641	$ 4,540,280
Cost:								
January 1, 2022	$ 770,963	$ 2,402,534	$ 1,128,985	$ 60,377	$ 617,165	$ 4,598	$ 18,181	$ 5,002,803
Additions	-	685	44,972	17,050	15,597	1,540	116,427	196,271
Disposals	-	(18,040)	(281,435)	(13,384)	(129,798)	(1,717)	-	(444,374)
Transfer	-	19,886	50,036	481	10,432	-	(21,151)	59,684
December 31, 2022	$ 770,963	$ 2,405,065	$ 942,558	$ 64,524	$ 513,396	$ 4,421	$ 113,457	$ 4,814,384
Depreciation and impairment:								
January 1, 2023	$ -	$ 626,952	$ 540,687	$ 33,147	$366,973	$ 2,762	$ -	$ 1,570,521
Additions	-	99,076	128,768	15,035	57,834	373	-	301,086
Disposals	-	-	(282,120)	(19,015)	(212,157)	(268)	-	(513,560)
Transfer	-	(28,825)	-	-	-	-	-	(28,825)

Reclassify to disposal group held for sale	-	-	(14,436)	-	-	-	-	(14,436)
December 31, 2023	$ -	$ 697,203	$ 372,899	$ 29,167	$212,650	$ 2,867	$ -	$ 1,314,786
Depreciation and impairment:								
January 1, 2022	$ -	$ 546,994	$ 683,817	$ 34,081	$ 418,146	$ 4,053	$ -	$ 1,687,091
Additions	-	88,572	138,726	12,449	77,183	427	-	317,357
Disposals	-	(8,614)	(277,638)	(13,383)	(128,356)	(1,718)	-	(429,709)
Transfer	-	-	(4,218)	-	-	-	-	(4,218)
December 31, 2022	$ -	$ 626,952	$ 540,687	$ 33,147	$366,973	$ 2,762	$ -	$ 1,570,521
Book value								
December 31, 2023	$ 778,661	$ 1,792,098	$ 448,442	$ 49,020	$ 128,869	$ 1,763	$ 26,641	$ 3,225,494
December 31, 2022	$ 770,963	$ 1,778,113	$ 401,871	$ 31,377	$ 146,423	$ 1,659	$ 113,457	$ 3,243,863

B. The Company signed the contract with the non-related party about the equipment construction of HuKou factory, in April 2022. The total contract amount was NT$136,640 thousand, and various projects which recognized to “House and Building” have been accepted after completion.

C. In June 2023, the company purchase the land adjoined to Xinpu factory from an unrelated party for NT$7,680 thousand. The transfer of land rights registration was completed in June 2023. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of CHEN, SZU-KUEI, and the related party who signed an agreement with the Company. As stipulated in the agreement, the related party will fully cooperate with the Company to transfer the agricultural land right to the Company or a specific person in the future free of charge. The agricultural land has been mortgaged to the Company with a maximum limit of NT$4,470 thousand.

D. Guarantee

For details about the secured bank loan and facility as for December 31, 2023 and 2022, please see Note 8.

E. For the capitalized interest, please see Note 6(21) B Financial cost.

(9) Right-of-use assets and Lease liabilities

A. Leasing arrangements－lessee

(a) The Company leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods within 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

(b) The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	Jan.1~Dec. 31, 2023	December 31, 2022	Jan.1~Dec. 31, 2022
	Book value	Depreciation	Book value	Depreciation
Land	$ 9,441	$ 8,436	$ 17,922	$ 8,542
Buildings	38,333	21,398	50,025	21,897
Transportation (Business vehicles)	44,426	22,069	40,790	19,681
Total	$ 92,200	$ 51,903	$ 108,737	$ 50,120

(c) For the year ended in 2023 and 2022, the additions to right-of-use assets were NT$35,508 thousand and NT$97,919 thousand respectively.

(d)The information on income and expense accounts relating to lease contracts is as follows:

	Jan.1~ Dec. 31, 2023	Jan.1~ Dec. 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,781	$ 1,886
Expense on short-term lease contracts	$ 1,995	$ 1,793
Gains(losses) on lease modification	$ 1	$ 211

(e) For the 2023 and 2022, the Company's total cash outflow for leases were NT$53,616 thousand and NT$51,712 thousand respectively.

B. Lease liabilities

	December 31, 2023	December 31, 2022
Current	$ 43,518	$ 42,070
Noncurrent	49,758	67,675
Total	$ 93,276	$ 109,745

(a) Please refer to Note 6(21) B. for the interest expense of lease liabilities.

(b) The Company calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range are 1.755%~2.2% and 1.38%~2% for the 2023 and 2022.

C. Leasing arrangements – lessor

(a) The Company leases various assets including part of office buildings and plant. Rental contracts are typically made for periods within 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

(b) For the 2023 and 2022, the Company recognized rent income in the amount of NT$35,172 thousand and NT$20,111 thousand respectively, based on the operating lease agreement, which does not include variable lease payments.

(10) Investment properties

A. The cost, depreciation, and impairment of the investment properties of the Company were as follows:

	2023		
	Land	House and building	Total
At January 1			
Cost	$ —	$ —	$ —
Accumulated depreciation and impairment	—	—	—
	$ —	$ —	$ —
At January 1	$ —	$ —	$ —
Additions	734,140	79,969	814,109
Transfer	—	61,512	61,512
Depreciation expenses	—	(1,358)	(1,358)
At December 31	$ 734,140	$ 140,123	$ 874,263
At December 31			
Cost	$ 734,140	$ 170,305	$ 904,445
Accumulated depreciation and impairment	—	(30,182)	(30,182)
	$ 734,140	$ 140,123	$ 874,263

	2022		
	Land	House and building	Total
At January 1			
Cost	$ —	$ —	$ —
Accumulated depreciation and impairment	—	—	—
	$ —	$ —	$ —
At January 1	$ —	$ —	$ —
Depreciation expenses	—	—	—
At December 31	$ —	$ —	$ —
At December 31			
Cost	$ —	$ —	$ —
Accumulated depreciation and impairment	—	—	—
	$ —	$ —	$ —

B. In April 2023, the Company purchase the land and building located in Zhongxing section, Hukou Township, Hsinchu County from an unrelated party for NT$814,109 thousand including the necessary cost. The transfer of rights registration was completed in June 2023. The land and building were leased to unrelated party after the acquisition. The rental period was from June 21, 2023 to March 31, 2025. The land and building was recognized as investment properties and measured subsequently using cost model.

C. For details about the investment properties pledged as collateral, please see Note 8.

(11) Intangible assets

The costs, amortization, and the impairment loss of intangible assets of the Company as of and for the ended of December 31, 2023 and 2022 were as follows:

		Computer software			Computer software
January 1, 2023	$	33,697	**January 1, 2022**	$	19,943
Addition		56,509	Addition		48,387
Reclassification		—	Reclassification		—
Amortization		(42,672)	Amortization		(34,633)
December 31, 2023	$	47,534	**December 31, 2022**	$	33,697

A. Recognized amortization and impairment

The amortization expenses for intangible assets and other deferred expenses (stated as other noncurrent assets) 2023 and 2022 were stated as the following items in the comprehensive income statement:

		2023		2022
Operating cost	$	14,334	$	11,477
Operating expense		52,092		38,297
Total amortization expenses	$	66,426	$	49,774

B. R&D expenditure

In FY2023 and FY2022, the R&D spending deriving from intangible assets internally developed amounted to NT$747,557 thousand and NT$708,047 thousand, respectively, recognized under the title of “Operating expenses – R&D expenses” in the comprehensive income statement.

(12) Other non-current assets

		December 31, 2023		December 31, 2022
Prepayments for equipment	$	161,351	$	100,312
Refundable deposit		96,468		88,826
Deferred Charges		55,603		41,887
Other financial assets-non-current		3,000		3,244
Total	$	316,422	$	234,269

A. About the refundable deposit as follows:

Some of the former employees of the company were being prosecuted for stealing the trade secret of the company to WinWay Technology Co., Ltd. They were prosecuted by the Hsinchu District Prosecutors Office and the criminal justices were currently judged by Taiwan Hsinchu District Court.

The company was asking for civil compensation from the defendants. For the case, the company applied for provisional seizure and deposited the guarantee amount of NT$69,090 thousand to Intellectual Property and Commercial Court and Taiwan Hsinchu District Court. After the preliminary investigation, there were still a large number of exhibits waiting for identification. The civil justices were currently judged by Taiwan High Court and the Supreme Court.

The above cases have no significant impact on the company's financial condition and operating result. On the position of protecting fair competition and intellectual property rights, the company had engaged the attorney to prosecute the civil and criminal legal liability.

As of December 31, 2023 and December 31, 2022, the Company has deposited the guarantee of processing fee NT$69,090 thousand and NT$69,090 thousand.

B. The costs, amortization, and the impairment loss of Deferred Charges of the Company as of and for the ended of December 31, 2023 and 2022 were as follows:

	Deferred Charges		Deferred Charges
January 1, 2023	$ 41,887	**January 1, 2022**	$ 28,291
Addition	38,185	Addition	27,687
Reclassification	—	Reclassification	—
Amortization expenses	(23,754)	Amortization expenses	(15,141)
Transfer	(715)	Transfer	1,050
Impairment	—	Impairment	—
December 31, 2023	$ 55,603	**December 31, 2022**	$ 41,887

C. The other non-current financial assets are mainly restricted bank deposits. Please refer to Note 8 for details of the pledge and guarantee.

(13) Short-term loan

	December 31, 2023		**December 31, 2022**	
Nature	Amount	Interest rate	Amount	Interest rate
Credit loan	$ —	—	$ —	—
Secured borrowings	—	—	—	—
Total	$ —		$ —	

A. For the information about exposure of the Company's interest rate and liquidity risks, please refer to Note 12(2).

B. Pledged assets for bank loan

For bank loans secured by the Company's assets, please refer Note 8.

(14) Other accounts payable

	December 31, 2023	December 31, 2022
Expenses payable	$ 857,517	$ 755,535
Employees' remuneration payable	138,653	127,800
Short-term employee benefits	20,279	73,071
Others (less than 5%)	35,393	32,685
Total	$ 1,051,842	$ 989,091

(15) Reserve for liabilities

	Warranty		Warranty
At January 1, 2023	$ 14,013	At January 1, 2022	$ 14,639
Increase (decrease)	5,397	Increase (decrease)	(626)
At December 31, 2023	$ 19,410	At December 31, 2022	$ 14,013
Current	$ 17,662	Current	$ 12,696
Non-current	1,748	Non-current	1,317
At December 31, 2023	$ 19,410	At December 31, 2022	$ 14,013

The Company's reserve for warranty and liabilities in 2023 and 2022 was primarily related to the sales of semi-conductor production process and test equipment. The reserve for warranty and liabilities was estimated based on the historical warranty information.

(16) Corporate bonds-payable

	December 31, 2023	December 31, 2022
4th domestic unsecured convertible bonds	$ —	$ 1,000,000
Bonds transferred to common stock	—	(963,300)
Less：Convertible corporate bonds repayment due	—	—
Less：Buy back from open market	—	(36,700)
Less：Discount of bonds payable	—	—
Corporate bonds-payable, net	$ —	$ —
Current	$ —	$ —
Non-current	—	—
Total	$ —	$ —
Embedded derivative-Financial (Assets) liability	$ —	$ —
Equity element	$ —	$ —

A. In order to repayment of bank loan, the Company issued 4th domestic unsecured convertible corporate bonds upon resolution of the board of directors on May 7, 2018, and upon approval of FSC via its approval letter under Ching-Kuan-Chen-Fa-Tze No. 1070325999 dated July 26, 2018. The issuance conditions are stated as following:

(a) Total issued amount: The Company issued NT$1,000,000 thousand of convertible bonds, each bond had a face value of NT$100 thousand; issued at 100.1% of the face value, a total of 10 thousand copies were issued.

(b) Duration: 5 years (August 15, 2018~ August 15, 2023)

(c) Coupon rate: 0%

(d) Duration: The day following expiration of three month after the date of issuance (November 16, 2018) until the expiry date (August 15, 2023).

(e) Conversion price and adjustment thereof:

Ⓐ The conversion price at the time of issuance shall be NT$71.50 per share.

Ⓑ In the case of changes in shares of common stock (e.g. capital increase in cash, recapitalization of earnings and recapitalization from capital surplus, et al.); the conversion price shall be adjusted relatively.

Ⓒ The Company's board of directors resolved on August 7, 2019 to authorize the Chairman to issue 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of September 10, 2019, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$69.2 per share.

Ⓓ The Company's board of directors reported on July 10, 2020 about the issuance of the 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of July 26, 2020, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$67.4 per share.

Ⓔ The Company's board of directors reported on July 14, 2021 about the issuance of the 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of July 18, 2021, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$65.10 per share.

Ⓕ The Company's board of directors reported on August 10, 2022 about the issuance of the 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of July 20, 2022, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$62.20 per share.

(f) Bondholders' put option:

The bondholders may exercise the put option of the convertible bonds earlier on the record date for exercise of put option, namely, August 15, 2021 and August 15, 2022, upon expiration of three years and four years after issuance of the bonds. The bondholders may ask the Company to redeem the convertible bonds at 100% of the book value thereof in cash within 40 days prior to the record date for exercise of put option.

(g) The Company's right of redemption:

Ⓐ From the date following expiration of three month upon offering of the bonds (November 16, 2018) until 40 days prior to expiration of the duration (July 6, 2023), if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may exercise the call option to repurchase the bonds from the bondholders at the book value thereof in cash.

Ⓑ From the date following expiration of three month upon offering of the bonds (November 16, 2018) until 40 days prior to expiration of the duration (July 6, 2023), if the balance of the outstanding bonds is less than 10% of the initial total issue price, the Company may exercise the call option to repurchase the bonds from the bondholders at the book value thereof in cash.

(h) Date and method of repayment of principal:

Except those converted to the Company’s common stock by the bondholders according to the Regulations, or those redeemed upon exercise of the put option, or those redeemed by the Company earlier pursuant to the Regulations, or those repurchased by the Company from securities firms for cancellation, the others would be repaid in cash in full amount upon maturity.

B. For the whole 2022, the accumulation of the 4th domestic unsecured conversion of corporate bonds had been issued 157,334 shares with face value of NT$9,800 thousand, and recognized NT$8,732 thousand as Capital Surplus-Additional Paid-In Capital-Bond Conversion.

As of December 31, 2022, the accumulation of the 4th domestic unsecured conversion of corporate bonds had been issued 14,329,718 shares with face value of NT$963,300 thousand, and recognized NT$834,954 thousand as Capital

Surplus-Additional Paid-In Capital-Bond Conversion.

It has been fully converted into ordinary shares as of September 2022, and has been approved by the competent authority to terminate OTC trading of convertible bonds on September 16, 2022.

C. The Company analyzed the 4th domestic unsecured convertible corporate bonds according to IFRS No.7 and identified the bonds as the compound financial instruments. Therefore, the Company separated the conversion option from liabilities and stated it into equity and liability respectively. The information about convertible corporate bonds in the financial statements is stated as following:

	August 15, 2018 **(Issuing date)**
Total issuing amount of convertible corporate bond	$ 1,001,000
Cost of convertible corporate bond	(5,381)
Elements of equity at the time of issuance - conversion option	(70,124)
Embedded financial derivatives at the time of issuance	(6,400)
Corporate bond payable, net on the issuing date	$ 919,095

The elements of equity were stated into capital surplus-stock option at the time of issuance. At the time of issuance, the fair value of embedded non-equity derivative was re-evaluated at the end of every month, which was stated into the “from financial assets and liabilities at fair value through profit or loss ".

The effective interest rate of the 4th unsecured convertible bonds after host contracts separation is 1.6885%.

D. (a) Financial assets and liabilities profit(loss) measured at fair value through profit or loss of the Company from January 1 to December 31, 2023 and 2022 were NT$ 0 thousand and NT$(48) thousand.

(b) The Company recognized interest expense of convertible bonds at 2023 and 2022 were NT$ 0 thousand and NT$102 thousand respectively.

E. For the ended December 31, 2022, the 4th unsecured convertible bonds in the amount of NT$36,700 thousand were repurchased by the company from open market, buy back price is NT$34,832 thousand that is shared to liabilities and equity with difference between book value, is recognized as form treasury stock transaction NT$387 thousand.

(17) <u>Long-term Loans</u>

Lender	Nature	Limit	Period	December 31, 2023
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2019/11/08~2029/10/15	$ 488,482
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2020/09/23~2027/09/23	300,000
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2021/11/09~2031/10/15	235,680
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 653,440	2023/07/26~2043/07/26	653,440
Less: Long-term Loans payable-current portion				(166,579)
Long-term Loans, net				$ 1,511,023
Interest rates for long-term loans				1.38%-1.75%

Lender	Nature	Limit	Period	December 31, 2022
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2019/11/08~2029/10/15	$ 572,222
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2020/09/23~2027/09/23	320,000
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2021/11/09~2031/10/15	235,680
Less: Long-term Loans payable-current portion				(103,740)
Long-term Loans, net				$ 1,024,162
Interest rates for long-term loans				1.13%

A. For the Information about exposure of the Company's interest rate and liquidity risks, please refer to Note 12 (2).

B. Pledged assets for bank loan

For bank loans secured by the Company's assets, please refer to Note 8.

(18) <u>Pension Benefits</u>

A. Defined benefit plan

(a) The Company have instituted regulations for the defined pension plan under the "Labor Standards Law" applicable to the years of services of employees before July 1, 2005, which is the day that the new "Labor Pension Act" came into full force, and the following years of services of employees who choose to continue applying the Labor Standard Law upon enforcement of the Labor Pension Act. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The Company contribute 2% of the total salaries of the employees to the special pension fund account with Bank of Taiwan supervised by the Employee Pension Fund Reserve Supervisory Committee. Until the end of December 31, 2023, the balance of the pension funds contributed to the special pension fund account at Bank of Taiwan was NT$108,285 thousand.

(b) The amount recognized in the balance sheet is stated as following:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 134,417	$ 129,633
Fair value of planned assets	(108,285)	(102,648)
Net defined benefit liability	$ 26,132	$ 26,985

(c) Changes in the present value of defined benefit obligation:

	2023	2022
Present value of defined benefit obligation, January 1	$ 129,633	$ 114,352
Service cost in current period	8,259	8,210
Interest cost	1,620	743
Amount allocated by Labor Standards Act article 56 item 2	—	1,464
Actuarial loss/gain		
Actuarial loss (gain) from changes of financial hypotheses	—	10,099
Empirical adjustment	(5,095)	(2,763)
Benefit payment-from planned assets	—	(2,472)
Present value of defined benefit obligation, December 31	$ 134,417	$ 129,633

(d) Changes in fair value of planned assets:

	2023	2022
Fair value of planned assets, January 1	$ 102,648	$ 93,009
Interest revenue	1,304	616
Return (loss) on remuneration of planned assets	887	7,206
Contribution by employer	3,446	4,289
Benefit payment-from planned assets	—	(2,472)
Fair value of planned assets, December 31	$ 108,285	$ 102,648

(e) Total expenses recognized in comprehensive income statement:

	2023	2022
Service cost in current period	$ 8,259	$ 8,210
Interest cost of defined benefit obligation	1,620	743
Interest revenue from planned assets	(1,304)	(616)
Amount allocated by Labor Standards Act article 56 item 2	—	1,464
Defined benefit cost stated into income	$ 8,575	$ 9,801

(f) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was not impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of Article 19 of IAS. For the fair value of the total assets under the Fund on December 31, 2023 and 2022, please see the labor pension fund utilization report published by the government each year.

(g) Actuarial hypotheses about pension are summarized as following: (expressed under weighted average method)

	2023	**2022**
Discount rate	1.25%	1.25%
Future salary and benefit level	2.25%	2.25%

Until December 31, 2023, the weighted average duration of the pension plan has been 8.9 years.

(h) Analysis of sensitivity

In the calculation of the determined welfare obligation, the company must make use of judgment and estimate to determine relevant actuarial assumption on the reporting date, including the discount rate and update of future salary. Any change in the actuarial hypotheses might materially affect the value of the Company's defined benefit obligation materially.

(i) The variance in the estimation of discount rate and future salary level increase rate from the management will affect the book value of pension benefit obligation in the following manners:

	Discount rate		**Future raise rate**	
	Increase by 0.25%	**Decrease by 0.25%**	**Increase by 1.00%**	**Decrease by 1.00%**
December 31, 2023				
Effect on defined benefit obligation %	(2.83%)	2.98%	11.31%	(11.91%)
Amount of effect on defined benefit obligation	$ (3,801)	$ 4,001	$ 15,202	$ (16,003)
December 31, 2022				
Effect on defined benefit obligation %	(3.08%)	3.25%	12.33%	(12.98%)
Amount of effect on defined benefit obligation	$ (3,998)	$ 4,208	$ 15,990	$ (16,832)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(j) Expected contributions to the defined benefit pension plans of the Company for the next annual reporting period as at December 31, 2023 is NT$3,450 thousand.

B. Defined contribution plans

(a) As of July 1, 2005, the Company instituted the defined contribution retirement plan according to the "Labor Pension Act", applicable to the native employees. The Company shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the "Labor Pension Act" chosen by employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

(b) The pension expenses recognized under the Company's defined contributed pension regulations were NT$64,393 thousand and NT$61,082 thousand in 2023 and 2022.

(19) <u>EQUITY</u>

A. The Company's outstanding common stock at beginning and ending is reconciled as follows:

Unit：Share

	2023	**2022**
Balance, January 1	94,231,106	94,073,772
Convertible Bonds Transferred To Common Stock	–	157,334
Balance, December 31	94,231,106	94,231,106

B. Capital surplus

(a) Pursuant to the R.O.C. Company Law amended in January 2012, capital surplus shall be first used to offset a deficit and then new shares or cash may be allocated based on realized capital surplus subject to shareholdings. Realized capital surplus referred to in the preceding paragraph included the surplus generated from donations and the excess of the issuance price over the par value of capital stock. According to the Regulations Governing the

Offering and Issuance of Securities by Securities Issuers, the capital surplus may be transferred to common stock up to an annual limit of 10% of the paid-in capital.

(b) The balance of the Company's capital surplus:

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note1)		
Common stock premium	$ 210,163	$ 210,163
Convertible corporate bond conversion premium	1,428,895	1,428,895
Treasury Stock Transactions	58,623	58,623
May be used to offset a deficit only（Note2）		
Donation from shareholders	1	1
Invalidated employee shareholding pledging	27,005	27,005
Such capital surplus may not be used for any purpose		
Others-issuance of new shares due to acquisition of shares of another company	19,858	19,858
Stock option (Elements of equity of convertible corporate bonds)	—	—
Total	$ 1,744,545	$ 1,744,545

(Note1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

(Note2) Such type of capital reserve pertains to bequeathing to the accepting shareholders without cash inflow or reclassification of invalidated employee shareholding pledging.

Ⓐ The company issued the first , second , third and forth Domestic unsecured convertible corporate bonds; The company recognized NT$1,428,895 thousand as paid-in capital in excess of par-common stock and treasury stock transaction NT$8,864 thousand.

Ⓑ The 3rd domestic unsecured conversion of corporate bonds pay off convertible corporate bonds at expiry, in addition to bondholders with converting right not requesting for the conversion to be invalidated, the initially classified “capital reserve – shareholding pledging” balance at NT$27,005 thousand is reclassified as “capital reserve – invalidated shareholding pledging” item.

Ⓒ The Company issued last time Domestic unsecured convertible corporate bonds; The Company recognized NT$49,759 thousand as paid-in capital in excess of par-common stock.

Ⓓ The Company received the shareholders' waiver of equity and 8 shares were transferred to the Company in June 2013. According to laws, the equity acquired by the Company upon receipt of the shareholders' waiver of the same shall be held as treasury stock and stated at the fair value of the stock on the same day, credited into capital surplus-donation from shareholders, NT$1 thousand.

Ⓔ The Company issued new shares and swapped the equity with the subsidiary, Chain-Logic International Corp. on June 15, 2002. The Company's shareholding is 100%. The difference between the investment cost and net worth of the acquired equity was NT$19,858 thousand on the date of investment, stated as capital surplus-others.

C. Retained earnings

(a) According to the company laws amended in May 2015, employee remuneration and remuneration to directors/supervisors shall not be allocated from earnings any longer. The Company has had the amended Articles of Incorporation resolved and approved by the board of directors on June 16, 2016. Therefore, if the Company has a profit at the year’s final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.

(b) The shareholders' meeting resolved to amend the Company Act of Incorporation as following on June 17, 2011: For the time being, the Company's industrial development is still growing, the dividend policy requires that the board of directors shall draft the motion for allocation of earnings each year and submit the same to a shareholders' meeting for ratification, subject to the Company's present and future investment environments, funding demand, status of competition domestically/overseas and capital budget and by taking care of shareholders' interest, balanced stock dividend and the Company's long-term financial planning into consideration. The earnings will be allocated in the form of cash dividend or stock dividend, subject to the funding demand and level of dilution of EPS. The cash dividend to be allocated, if any, shall be no less than 10% of the total stock dividend.

(c) Legal reserve

According to the Company Law amended in January 2012, the Company shall contribute 10% from the income after tax as the legal reserve until it is equivalent to the gross capital. When the Company suffers no loss, new shares or cash may be allocated from the legal reserve upon resolution of the shareholders' meeting, provided that the new shares or cash allocated shall be no more than 25% of the paid-in capital.

(d) Special reserve

Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve based on the difference between the amount already set aside and the total debit balance of other shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(e)The appropriations of 2022 earnings had been approved by the shareholders during their meeting on June 15, 2023, and the appropriations of 2021 earnings had been approved by the shareholders during their meeting on June 15, 2022. Details are summarized below:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 121,349		$ 68,891	
Special reserve	(352)		971	
Cash dividends	659,618	7.00	376,314	4.00

(f) The information about allocation of retained earning approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the "MOPS".

D. Treasury stock：None.

E. Share-based payment－employee compensation plan

As of December 31, 2023, information on outstanding ESO is shown below: None.

(20) OPERATING INCOME

A. Operating income

	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 6,745,902	$ 6,245,407
Processing Fees revenue	—	—
Others		
Commission revenue	—	—
Total	$ 6,745,902	$ 6,245,407

B. Contract assets and contract liability

The Company recognized the contract assets and contract liability of the revenue from contracts with customers as following:

(a) Contract assets: None.

(b) Contract liability as following:

	December 31, 2023	December 31, 2022
Contract liability-current		
Sales revenue received in advance	$ 593,488	$ 554,316
Total	$ 593,488	$ 554,316

Revenue of the contract liability recognized in the beginning:

	2023	2022
Revenue recognized in this period		
Sales revenue received in advance transfer to revenue	$ 417,597	$ 437,549
Total	$ 417,597	$ 437,549

(21) NON-OPERATING INCOME AND EXPENSES

A. Other gains and losses, net

	2023	2022
Gains (losses) on disposal of property, plant and equipment	$ 2,765	$ 2,544
Losses on obsolescence of property, plant and equipment	—	(9,426)
Net Gains (losses) on financial assets/liabilities at fair value through profit or loss	—	(48)
Net currency exchange gains (losses)	26,381	139,085
Gains(losses) on lease modification	1	211
Others	(73)	(6)
Total	$ 29,074	$ 132,360

B. Financial cost

	2023	2022
Interest expenses		
Bank loan	$ 20,419	$ 10,819
Imputed interest from deposit	136	11
Convertible corporate bond	—	102
Lease liabilities	1,781	1,886
Subtotal	22,336	12,818
Less: capitalized interest	(1,844)	(1,382)
Total	$ 20,492	$ 11,436
Capitalized interest rate	1.19%~1.56%	0.61%~1.19%

C. Interest income

	2023	2022
Interest income from bank deposits	$ 19,138	$ 2,772
Imputed interest from deposit	412	129
Total	$ 19,550	$ 2,901

(22) Income Tax

A. The Company's income tax expenses (gains) are specified as following:

	2023	2022
Current tax:		
Current tax on profits for the period	$ 214,025	$ 215,088
Imposition of income tax on undistributed earnings	11,085	5,296
Adjustments in respect of prior years	501	—
Total current tax	225,611	220,384
Deferred tax:		
Origination and reversal of temporary differences	13,203	(10,281)
Impact of change in tax rate	—	—
Total deferred tax	13,203	(10,281)
Income tax expense	$ 238,814	$ 210,103

B. The Company recognized Income tax expenses in other comprehensive income are NT$ 0 start from January to December, at 2023 and 2022.

C. The Company income tax expenses recognized under the title of equity are NT$0 start from January to December, at 2023 and 2022.

D. Relations between income tax expenses (gains) and accounting profit

	2023	2022
Net profit before tax	$ 1,550,713	$ 1,423,728
Income tax on net profit(loss) before tax calculated at the domestic tax rate applicable in the place where the Company is situated	$ 310,142	$ 284,746
Income tax effect included into the items that shall not be recognized pursuant to tax laws	(23,887)	(1,849)
Income tax effect on deferred income tax assets/liabilities	13,203	(10,281)
Unrecognized deferred income tax assets	—	—
Tax-free income	—	—
Maximum foreign-tax deduction	—	—
Income tax effect on investment credit	(72,230)	(67,809)
Imposition of income tax on undistributed earnings	11,085	5,296
Income tax effect under minimum tax system	—	—
Overestimated (underestimated) income tax in previous year	501	—
Total	$ 238,814	$ 210,103

E. Deferred income tax assets and liabilities

(a) Recognized deferred income tax assets and liabilities

	2023				
	January 1	**Recognized in income statement**	**Recognized in other comprehensive income**	**Exchange difference**	**December 31**
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence losses	$ 100,027	$ 11,126	—	—	$ 111,153
Unrealized exchange loss	1,746	3,686	—	—	5,432
Unrealized warranty cost	2,803	1,079	—	—	3,882
Unrealized impairment loss	9,107	—	—	—	9,107
Unrealized gain on inter-affiliate accounts	4,004	87	—	—	4,090
Tax difference on depreciation expenses	13	—	—	—	13
Realized net investment income (foreign)	8,133	—	—	—	8,133
Unrealized net investment income (foreign)	2,607	(2,607)	—	—	—
Total	$ 128,440	$ 13,371	—	—	$ 141,810
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange gain	$ (762)	$ 248	—	—	$ (514)
Recognition of pension expenses (deficit)	(8,763)	1,026	—	—	(7,737)
Unrealized net investment income (foreign)	—	(27,848)	—	—	(27,848)
Total	$ (9,525)	$ (26,574)	—	—	$ (36,099)

	2022				
	January 1	**Recognized in income statement**	**Recognized in other comprehensive income**	**Exchange difference**	**December 31**
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence losses	$ 76,278	$ 23,749	—	—	$ 100,027
Unrealized exchange loss	820	926	—	—	1,746
Unrealized warranty cost	2,928	(125)	—	—	2,803
Unrealized impairment loss	9,107	—	—	—	9,107
Unrealized gain on inter-affiliate accounts	5,542	(1,538)	—	—	4,004
Tax difference on depreciation expenses	13	—	—	—	13

Realized net investment income (foreign)	8,133	－	－	－	8,133
Unrealized net investment income (foreign)	16,105	(13,498)	－	－	2,607
Total	$ 118,926	$ 9,514	－	－	$ 128,440
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange gain	$ (427)	$ (335)	－	－	$ (762)
Recognition of pension expenses (deficit)	(9,865)	1,102	－	－	(8,763)
Total	$ (10,292)	$ 767	－	－	$ (9,525)

(b) Unrecognized deferred income tax assets：None.

(c) Unrecognized deferred income tax liabilities：None.

F. The investment credit tax on deferred income tax assets which has been recognized by the Company before December 31, 2023 shall be credited by the following deadline:

Item	Total credit	Deducted amount	Credited balance in current period	Balance to be credited	Last year of credit
R&D expenditure (projected) in 2023	$ 72,230	$ －	$ 72,230	$ －	(non-deferred)
	$ 72,230	$ －	$ 72,230	$ －	

(Note) According to the "Regulations Governing Investment Credit Applicable to a Company's R&D Expenditure" promulgated on November 8, 2010, the tax credit shall be no more than 30% of the income tax payable in the year and prohibited from being deferred until next year.

G Authorization of income tax:

The Company has its corporate income tax approved by the taxation authorities until 2021.

H. Under the amendments to the Income Tax Act which was promulgated in February 7, 2018, the Company’s applicable income tax rate was 20% effective from January 1, 2018. The Company has accessed the impact of the change in income tax rate. Besides, the tax rate of undistributed earnings in 2018 was 5%.

(23) Earnings Per Common Share

A. Basic EPS

The basic EPS is calculated based on the income vested in the Company's common stock holders dividing by the weighted average number of outstanding common stock.

B. Diluted EPS

The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the weighted average number of outstanding common stock.

C. The Company's basic EPS and diluted EPS are calculated as follows:

	2023			2022		
	Amount after tax	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**	**Amount after tax**	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**
Basic EPS						
Net profit attributed to the Company's continued operation	$1,321,196		$ 14.02	$1,219,081		$ 12.95
Net loss attributed to the Company's discontinued operation	(9,297)		(0.10)	(5,456)		(0.06)
Net profit attributed to the Company's common stock shareholders	$1,311,899	94,231	$ 13.92	$1,213,625	94,138	$ 12.89
Diluted EPS						
Net profit attributed to the Company's common stock shareholders	$1,321,196	94,231		$1,219,081	94,138	
Effect of all potential diluted common stocks						
4th domestic unsecured convertible corporate bond	–	–		–	–	
Employees stock bonus	–	638		–	1,136	
Net profit attributed to the Company's continued operation plus effect of potential common stocks	$1,321,196		$ 13.93	$1,219,081		$ 12.80
Net loss attributed to the Company's discontinued operation	(9,297)		(0.10)	(5,456)		(0.06)
Net profit attributed to the Company's common stock shareholders plus effect of potential common stocks	$1,311,899	94,869	$ 13.83	$1,213,625	95,274	$ 12.74

For the details about capital increase, please see Note 6(19).

(24) <u>Business combinations - acquisition of subsidiaries</u>

A. For the business development strategy, the Company reinvest the subsidiary – MPI AMERICA INC via the subsidiary – MPA TRADING CORP. (ANGUILLA) to acquired 100% of the share capital of Celadon Systems Inc. (hereinafter referred to as the "Celadon") for US$10,200,000 (equivalent to NT$283,471 thousand) in September, 2021 and obtained the control over Celadon. The main operating activities of Celadon are selling and manufacturing the Probe Cards, Test systems and High-Performance Cables and its main customers are semiconductor manufacturers and semiconductor equipment distributors. The Group has expected the acquisition will enhance the competitive advantages of the Group's engineering probe cards and equipment, and expand the market business scale.

B. The acquisition date was September 9, 2021. The following table summarizes the consideration paid for Celadon and the fair values of the assets acquired and liabilities assumed at the acquisition date. The information about the acquisition date, please refer Note 6(23) of consolidated financial statements.

(25) <u>Employee benefits, depreciation, depletion and amortization expenses are summarized as follows</u>

Function / Nature	2023			2022		
	Operating cost	**Operating expense**	**Total**	**Operating cost**	**Operating expense**	**Total**
Employee benefit expense						
Wages and salaries	1,221,742	810,820	2,032,562	1,175,774	783,269	1,959,043
Labor and health insurance expense	88,788	56,707	145,495	81,025	51,761	132,786
Pension costs	43,205	29,763	72,968	41,860	29,023	70,883
Director remuneration	-	34,663	34,663	-	31,950	31,950
Other personnel expenses (Note)	106,180	24,921	131,101	106,673	23,453	130,126
Depreciation expenses	254,053	100,294	354,347	269,310	98,167	367,477
Depletion expenses	-	-	-	-	-	-
Amortization expenses	14,334	52,092	66,426	11,477	38,297	49,774

(Note) The other personnel expenses including food stipend, overtime pay and employee benefits.

A. For the year ended of December 31, 2023 and 2022, the number of employees of the Company was 1,678 and 1,626, of which the number of directors who were not employees concurrently was both 7.

B. Companies which are listed in Taiwan Stock Exchange or Taipei Exchange should disclose the following information:

(a) The average employee benefit expenses was NT$1,426 thousand for the year ended 2023 [(total amount of employee benefit expenses – total amount of director remuneration) / (total number of employees – the number of directors who were not employees concurrently)].

The average employee benefit expenses was NT$1,416 thousand for the year ended 2022 [(total amount of employee benefit expenses – total amount of director remuneration) / (total number of employees – the number of directors who were not employees concurrently)].

(b) The average salary expenses was NT$1,216 thousand for the year ended 2023 [total amount of salary expenses / (total number of employees – the number of directors who did not have concurrent employees)].

The average salary expenses was NT$1,210 thousand for the year ended 2022 [total amount of salary expenses / (total number of employees – the number of directors who did not have concurrent employees)].

(c) The adjustment change of average salary expenses was 0.50% [(the average salary expenses in 2023 – the average salary expenses in 2022) / the average salary expenses in 2022].

(d) The Company has already established audit committee by the rule in 2020 to replace the supervisor. The Company derecognized the supervisor’s remuneration in both 2023 and 2022.

(e) The salary and remuneration policy of the Company：
Board of Directors and managers’ salaries are referred to the industry standards, and the bonuses are allocated according to their performance, risk taking and level of contribution, etc. Employees’ salaries are based on their academic background, professional knowledge, years of experience, and their KPI. Employees’ annual salaries are also adjusted based on Company’s condition to motivate and retain outstanding employees.

C. According to the Company's existing articles of incorporation, the Company shall allocate remuneration to employees and remuneration to directors when allocating the earnings.

D. The Company has approved the motion for amendments to the Articles of Incorporation on June 15, 2020:

If the Company retains income before tax after the account settlement, it shall allocate 0.1%~15% thereof as the remuneration to employees, and not be higher than 3% thereof as the remuneration to directors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph.

The allocation of remuneration to employees and directors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.

Employees’ remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria.

E. The Company estimated the remuneration to employees was NT$ 138,653 thousand and NT$ 127,800 thousand, respectively, in 2023 and 2022, and the remuneration to directors NT$ 34,663 thousand and NT$ 31,950 thousand. Said values were stated into salary expenses. The values were estimated based on the earnings gained until the current period (this year).

F. The remuneration to employees and directors 2022 resolved to be allocated at the shareholders' meeting on June 15, 2023 by the Board of Directors meeting were NT$127,800 thousand and NT$31,950 thousand, respectively, identical with that recognized in the financial statement 2022, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2023.

G. The remuneration to employees and directors 2021 resolved to be allocated at the shareholders' meeting on June 15, 2022 by the Board of Directors meeting were NT$71,048 thousand and NT$17,762 thousand, respectively, identical with that recognized in the financial statement 2021, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2022.

H. The information about remuneration to employees and remuneration to directors approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the "MOPS".

(26) Supplemental cash flow information

A. Investing activities paid in cash in part only:

	2023	2022
Purchase of property, plant and equipment	$ 352,116	$ 262,043
Add: opening balance of payable on equipment	60,029	59,870
Less: opening balance of payable on equipment	(142,294)	(60,029)
Less: opening balance of payable on equipment-related parties	—	—
Cash paid during the period	$ 269,851	$ 261,884

B. Financing activities not affecting cash flow:

	2023	2022
Convertible bonds being converted to capital stock	$ —	$ 1,573

7. Transactions with related parties

(1) Relations between parent company and subsidiary

The Company's subsidiaries are stated as follows:

	Place of incorporation	Owner's equity (shareholding %) December 31, 2023	Owner's equity (shareholding %) December 31, 2022
Chain-Logic International Corp.	Taiwan	100%	100%
Allstron Corporation	Taiwan	100%	100%
MPI TRADING CORP.	Samoa	100%	100%
MMI HOLDING CO.,LTD.	Samoa	100%	100%
MPA TRADING CORP.	Anguilla	100%	100%
CHAIN-LOGIC TRADING CORP.	Mauritius	-	100%
MPI (SUZHOU) CORPORATION	Mainland China	100%	100%
Lumitek (Changchou) Co. Ltd.	Mainland China	100%	100%
MEGTAS CO.,LTD.	Korea	80%	80%
MPI AMERICA INC.	USA	100%	100%
Celadon Systems, Inc.	USA	100%	100%

(2) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(3) The names and relationship of related parties

Names of related parties	Relationship with the Company
CHAIN-LOGIC INTERNATIONAL CORP. (CLIC)	Subsidiary
MEGTAS CO.,LTD. (MEGTAS)	Subsidiary
Lumitek (Changchou) Co. Ltd. (LUMITC)	Subsidiary- a subsidiary of MMI HOLDING CO., LTD
MPI (SUZHOU) CORPORATION (MPS)	Subsidiary- a subsidiary of MMI HOLDING CO., LTD
MPI AMERICA INC. (MPA)	Subsidiary- a subsidiary of MPA TRADING CORP.
Celadon Systems, Inc.(Celadon)	Subsidiary- a subsidiary of MPI AMERICA INC.

(4) Important transactions with related parties

A. Operating revenue

The Company's sales values to related parties are stated as follows:

Type	2023	2022
Sale of products:		
-Subsidiary		
CLIC	$ 109,831	$ 124,195
Megtas	1,588	3,437
LUMITC	770	599
MPS	1,644,147	1,025,718
MPA	833,313	822,847

Celadon	19,882	151
Total	$ 2,609,531	$ 1,976,947

The price of the Company’s sale to related parties was not significantly different from the Company's general selling price.

B. Purchase

The Company's purchase values to related parties are stated as follows:

Type	2023	2022
Subsidiary		
CLIC	$ 17,554	$ 21,101
MPS	4,722	1,534
MPA	—	878
Celadon	241	2,791
Total	$ 22,517	$ 26,304

The price of the Company’s purchase from related parties was not significantly different from the Company's price of purchase from the general suppliers.

C. Accounts receivable-related parties

The Company's accounts receivable-related parties are stated as following:

Title	Type	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary		
	CLIC	$ 26,205	$ 14,843
	Megtas	1,572	1,297
	LUMITC	256	175
	MPS	644,158	594,421
	MPA	499,882	491,178
	Celadon	213	—
Accounts receivable		1,172,286	1,101,914
Less: Loss allowance		—	—
Accounts receivable, net		$ 1,172,286	$ 1,101,914
Other receivables	Subsidiary		
	CLIC	$ 563	$ 650
	Megtas	307	307
	LUMITC	22,044	17,123
	MPS	25,215	23,089
	MPA	12	—
	Total	$ 48,141	$ 41,169

D. Accounts payable-related parties

The Company's accounts payable-related parties are stated as following:

Title	Type	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary		
	CLIC	$ 10,487	$ 10,975
	MPS	1,029	786
	Celadon	121	999
		$ 11,637	$ 12,760
Other payables	Subsidiary		
	CLIC	22,228	22,396
	MPS	—	6,035
Total		$ 22,288	$ 28,431

E. Prepayment

None

F. Exchange of property

a. Acquisition of property, plant, and equipment

Type	Nature	2023	2022
Subsidiary			
MPA	Machinery equipment	—	$ 3,500
CLIC	R & D equipment	—	861
CLIC	Machinery equipment	$ 1,560	—
Total		$ 1,560	$ 4,361

b. Disposition of property, plant, and equipment

2023：

Related parties	Nature	Cost	Accumulated depreciation	Net book value	Sales price	Gain (loss) on disposal
Subsidiary-MPA	Machinery equipment	$ 4,333	$ (181)	$ 4,152	$ 6,917	$ 2,765

2022：

Related parties	Nature	Cost	Accumulated depreciation	Net book value	Sales price	Gain (loss) on disposal
Subsidiary-MPS	Machinery equipment	$ 3,562	$ (742)	$ 2,820	$ 4,364	$ 1,544
Subsidiary-Megtas	Machinery equipment	$ 2,187	$ (1,227)	$ 960	$ 1,694	$ 734
Subsidiary-MPA	R & D equipment	$ 1,462	$ (20)	$ 1,442	$ 1,666	$ 224

G. Loan to others (stated as other receivables-related party): None

H. Purchase of labor services from related parties

The Company's expenditure in labor services to related parties are stated as follows:

Type	2023	2022
Promotion-expenditure in commission:		
-Subsidiary		
CLIC	$ 56,880	$ 43,869
MPS	16,276	16,820
Total	$ 73,156	$ 60,689

I. Others

a. Payment on behalf of others (stated as other current assets): None.

b. Advance sale receipts(stated as contract liabilities-current)

Type	December 31, 2023	December 31, 2022
Subsidiary		
CLIC	$ 24,799	$ 21,796
MPS	85	—
MPA	72,805	30,804
Total	$ 97,689	$ 52,600

c. Temporary receipts (stated as other current liabilities):

Type	December 31, 2023	December 31, 2022
Subsidiary		
MPA	$ 982	$ 126
Total	$ 982	$ 126

d. Manufacturing expenses (stated as operating cost)

Type	Nature	2023	2022
Subsidiary			
CLIC	Other expenses	$ 4	$ 5
CLIC	Miscellaneous expenses	$ 27	$ —
CLIC	Consumable expenses	$ —	$ 40

e. Selling expenses

Type	Nature	2023	2022
Subsidiary			
CLIC	Other expenses	$ 3,727	$ 2,919
MPS	Other expenses	$ 1,946	$ —
MPA	Shipping expenses	$ 43	$ —
MPA	Other expenses	$ 14,599	$ 13,034

f. General & administrative expenses

Type	Nature	2023	2022
Subsidiary			
CLIC	Other expenses	$ 675	$ —
MPA	Other expenses	$ 11,776	$ 3,060

g. Research and development expenses

Type	Nature	2023	2022
Subsidiary			
CLIC	Other expenses	$ 689	$ —
CLIC	Advertisement expenses	$ 9	$ —
CLIC	repair and maintenance expenses	$ —	$ 22

h. Lease

The Company's lease revenue from related parties is stated as follows:

Type	2023	2022
Subsidiary-CLIC	$ 3,683	$ 3,762

The main contents of lease contract:

Type	Subject matter	Duration of lease	Mode of collection
Subsidiary-CLIC	Sublet the factory premises building and parking lots at Wenshan Road, Xinpu Township, Hsinchu County	2019/01/01~2019/12/31 Renewed automatically upon expiration	The rent of the factory building was NT$242 thousand per month (before tax). The rent of the parking lots was NT$65 thousand per month (before tax).
Subsidiary-CLIC	Rent the branch company office at Luchu, Kaohsiung City	2019/01/01~2022/10/31	NT$10 thousand per month (before tax)
Subsidiary-CLIC	Jiaren St., Zhubei City, Hsinchu County (Employee dormitory)	2005/12/01~2006/11/30 Renewed automatically upon expiration	Settled based on the actual number of persons on a monthly basis.

h. Other revenue

Type	2023	2022
Subsidiary		
CLIC	$ 94	$ 235
LUMITC	26,271	20,229
MPS	29,617	25,762
MPA	14,144	12,756
Celadon	406	—
Total	$ 70,532	$ 58,982

(5) Information about remuneration to the management

Information about remuneration to the Company's management is stated as follows:

	2023	2022
Salary and other short-term employee benefits	$ 15,491	$ 10,965
Resignation benefits	—	—
Retirement benefits	—	—
Other long-term benefits	—	—
Total	$ 15,491	$ 10,965

Said remuneration to the management is decided by the Remuneration Committee subject to personal performance and market trend. For the relevant information, please see the annual report of the general shareholders' meeting.

8. Pledged assets

The following assets have been provided to the Company to pledge for bank loans, import business tax, sale commitment and payment promise. The book value thereof is stated as follows:

	December 31, 2023	December 31, 2022
Land (Including investment properties)	$ 1,505,103	$ 770,963
Building (Including investment properties)	1,534,884	1,497,331
Other non-current financial assets	3,000	3,244

(stated as other non-current assets)		
Total	$ 3,042,987	$ 2,271,538

9. Significant contingent liability and unrecognized contractual commitment

(1) Contingency: None.

(2) Commitment

A. Balance of unused letter of credit issued by the Company, guarantee money paid and service charges: None.

B. The outstanding capital expenditure amount under the purchase orders signed is stated as following:

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	$ 116,800	$ 70,055

C. The Company signed a technology transfer agreement with a Non-related party, and the main contents are as follow:

Duration of agreement	Transferred Technology Product	Terms of Payment	Important Notes
5 years (4th Quarter 2023 to 3rd Quarter 2028)	The Transfer of Technology of Thermal Chuck Systems	The Total Agreement Price is €8,000,000, with the amount of €1,200,000 (equivalent to NT$ 41,640 thousand) was paid in 2023. The remaining amount should be paid is €6,800,000 (€2,400,000 should be paid in the next year and then, in the following 2-5 years should pay €4,400,000).	1. If the Company terminates the Agreement before validation of Block 1, the Company shall be responsible for 100% of the Total Agreement Price. 2. If the Company terminates the Agreement after the validation of Block 1 but before the validation of Block 2, the Company will pay 100% of the Total Agreement Price plus 2 years of royalties. 3. If the Company terminates the Agreement after the validation of Block 2, the Company will pay 3 years of royalties.

10. Significant disaster loss: None.

11. Significant subsequent events: None.

12. Others

(1) Capital management

The Company’s capital management objective is intended to protect the Company's continued operation and ensure maintenance of well-founded credit ratings and optimal capital structure to reduce capital cost, in order to support the enterprise's operation and maximization of shareholders' return. The Company manages and adjusts the capital structure subject to the economic condition. The Company might adjust the stock dividend to be paid, refund of capital, issuance of new shares or realization of assets to reduce liabilities, in order to maintain and adjust the capital structure.

The Company controls its capital structure based on the debt/equity ratio. Said ratio is net liabilities dividing by the net worth. The Company maintained the same strategy in 2023 as that in 2022, dedicated to maintaining the debt/equity ratio less than 50%~100%. The Company's debt ratios on December 31, 2023 and December 31, 2022 are stated as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,454,811	$ 3,664,020
Total net worth	7,614,495	6,885,467
Debt/equity ratio	59%	53%

(2) <u>Financial instruments by category</u>

A. The financial instruments of the Company are stated as follows:

(a) Financial assets: Including financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid and other financial assets.

(b) Financial liabilities: Including financial liabilities at fair value through profit or loss, short-term loans, notes payable, accounts payable, other payables, lease liabilities, bonds payable(including current portion), long-term borrowings(including current portion), guarantee deposits received and other financial liabilities.

B. Risk management policies

(a) The Company's financial risk management aims to manage the market risk, credit risk and liquidity risk related to operating activities, and to identify measure and administer said risks based on policies and risk preference.

(b) The Company has established adequate policies, procedures and internal controls pursuant to the related regulations, in order to manage said financial risk. The important financial activities shall be audited and approved by the board of directors according to the related regulations and internal control system. In the duration of financial management activities, the Company shall strictly comply with the requirements related to financial risk management defined by the Company.

C. Significant financial risks and degrees of financial risks

(a) Market risk

The Company's market risk arises from market price fluctuation resulting in fluctuation of the fair value or cash flow of financial instruments. The market risk primarily includes foreign exchange risk, interest rate risk and other pricing risks.

Practically, few single risk variances would change independently. Additionally, changes of various risk variances are generally correlative to each other. Notwithstanding, the sensitivity analysis of the following risks does not take the interaction of related risk variances into consideration.

Ⓐ Foreign exchange risk

The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currencies, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets.

The Company's receivable accounts denominated in foreign currency are identical with payable accounts denominated in foreign currency in some currencies and, therefore, the equivalent positions would produce the hedging effect naturally. Considering that said natural hedging did not meet the hedging accounting policy, the Company did not adopt the hedging accounting policy. Further, the net investment in foreign operations was identified as strategic investment. Therefore, the Company did not adopt any hedging policy against it.

The sensitivity analysis on the Company's foreign exchange risk was primarily intended to be conducted against the titles in foreign currencies at the end of the financial reporting and the effect produced by the revaluation/devaluation of related foreign currencies on the Company's income and equity. The Company's foreign exchange risk arises primarily from fluctuation in the foreign exchange rate of USD, Japanese Yen, Euro and RMB.

The Company's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is USD, RMB or KRW). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

	December 31, 2023			
	Currency unit	Amount in foreign currency (thousand dollars)	Applicable foreign exchange rate, ending (Dollar)	Book value (NTD) (thousand dollars)
Financial assets	NTD/USD	$ 33,719	30.6730	$ 1,034,268
	NTD/JPY	$ 44,062	0.21715	$ 9,568
	NTD/EUR	$ 2,598	33.976	$ 88,259
	NTD/RMB	$ 161,767	4.3274	$ 700,028
	NTD/KRW	$ 2,909	0.02391	$ 70
	NTD/HKD	$ 9	3.875	$ 37
	NTD/SGD	$ 8	23.165	$ 184
	NTD/MYR	$ 13	6.411	$ 83
	NTD/RUB	$ 1	0.3500	$ 1
	NTD/PHP	$ 90	0.5545	$ 50
	NTD/INR	$ 10	0.3700	$ 4
	NTD/GBP	$ 170	39.13304	$ 6,655
	NTD/CAD	$ 189	23.19825	$ 4,394
Financial liabilities	NTD/USD	$ 2,424	30.75	$ 74,545
	NTD/JPY	$ 74,407	0.219	$ 16,299
	NTD/EUR	$ 1,273	34.161	$ 43,476
	NTD/RMB	$ 279	4.378	$ 1,221
	NTD/GBP	$ 4	39.3565	$ 145
	NTD/CAD	$ 17	33.2945	$ 389

	December 31, 2022			
	Currency unit	Amount in foreign currency (thousand dollars)	Applicable foreign exchange rate, ending (Dollar)	Book value (NTD) (thousand dollars)
Financial assets	NTD/USD	$ 34,889	30.6926	$ 1,070,833
	NTD/JPY	$ 23,358	0.23211	$ 5,422
	NTD/EUR	$ 48	32.612	$ 1,570
	NTD/RMB	$ 162,809	4.3876	$ 714,207
	NTD/KRW	$ 5,188	0.02457	$ 127
	NTD/HKD	$ 12	3.884	$ 46
	NTD/SGD	$ 24	22.755	$ 549
	NTD/MYR	$ 16	6.699	$ 110
	NTD/RUB	$ 1	0.4042	$ 1
	NTD/PHP	$ 91	0.5443	$ 49
	NTD/INR	$ 10	0.3629	$ 4
	NTD/GBP	$ 102	37.00300	$ 3,765
Financial liabilities	NTD/USD	$ 1,772	30.79	$ 54,548
	NTD/JPY	$ 59,126	0.234	$ 13,833
	NTD/EUR	$ 567	32.888	$ 18,660
	NTD/RMB	$ 178	4.439	$ 791
	NTD/GBP	$ 6	37.2261	$ 247

In consideration of the Company's multiple functional currency types, the information about exchange gain or loss for currency is disclosed by summarization. The foreign currency exchange gain (loss) (including the realized and unrealized) were NT$ 26,381 thousand and NT$139,085 thousand in 2023 and 2022.

Ⓑ Cash flow and fair value interest rate risk

The interest rate risk arises when the fluctuation of market interest rate results in fluctuation in fair value of financial instruments or in future cash flow. The Company's interest rate risk arises primarily from the loan with floating interest rate.

The Company maintained adequate portfolio with fixed and floating interest rates to manage the interest rate risk.

Ⓒ Equity price risk

a. Equity securities held by the Company are susceptible to price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Company’s senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

b. For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

Stock in domestic listed company through private placement

	December 31, 2023		December 31, 2022	
Prices of securities at the reporting date	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**
Increasing 1%	$ -	$ 2,240	$ -	$ 1,540
Decreasing 1%	$ -	$ (2,240)	$ -	$ (1,470)

Domestic innovation board common stock

	December 31, 2023		December 31, 2022	
Prices of securities at the reporting date	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**
Increasing 1%	$ -	$ 403	$ -	$ 346
Decreasing 1%	$ -	$ (407)	$ -	$ (429)

Ⓓ Other risks over market value

In addition to meeting expected consumption and sale needs, the Company did not sign any product contract which did not apply net settlement.

Ⓔ Under the circumstance that all of the other factors remained unchanged, the sensitivity analysis on the changes in related risks before tax on December 31, 2023 and 2022 are stated as following:

December 31, 2023

Primary risk	Range of change	Sensitivity of Profit or Loss
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-51,231 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	+/-4,194 thousand

December 31, 2022

Primary risk	Range of change	Sensitivity of Profit or Loss
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-51,258 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	+/-2,820 thousand

(b) Credit risk

Ⓐ Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

Ⓑ The Company set up the management of credit risk by Company perspective. According to the loan policy expressly defined internally in the Company, each business dept. Within the Company shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the management according to the internal or external ratings. The management will also control the periodic drawdown of credit limits. The main credit risk results from derivative financial instruments and the balance deposited in banks and financial organizations, and customers’ credit risk, including the unearned accounts receivable and undertaken transactions. The Company also applied some credit enhancement instruments (e.g. advance sale receipts) in a timely manner to reduce customers' credit risk.

Ⓒ For the year ended December 31, 2023 and 2022, no circumstances resulting in excess of the credit limit have taken place. Meanwhile, the management expects no material loss resulting from trading counterpart's failure to perform contract.

Ⓓ The Company's Finance Dept. Manage the credit risk over the deposits in banks and other financial instruments according to the Company's policy. The Company's trading counterparts were decided by the internal control procedure, who were trustworthy banks and corporations which were not expected to breach the contracts. Therefore, there should be no significant credit risk.

Ⓔ Guarantee

According to the Company's policy, the Company may only make financial guarantee for the subsidiaries wholly owned by the Company. As of December 31, 2023 and 2022, the Company has never made any endorsements/guarantees.

Ⓕ The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

Ⓖ The Company in line with credit risk management procedure, when the counterparty of transaction has financial difficulties, business accidents, restrictions on the acceptance of orders due to legal restrictions, refunds of company bills and any factors (such as fires, earthquakes and natural disasters). A default is considered to have occurred in the event that the possibility of recovering the receivable is very low, the default has occurred.

Ⓗ The Company classifies customer's notes receivable, accounts receivable, contract assets and rents receivable in accordance with geographic area, product types, credit rating of customer, collaterals, credit risk on trade and customer types. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

Ⓘ The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

Ⓙ The Company used the foreseeable of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the loss allowance of notes receivable and accounts receivable. The Company use provision matrix to estimate expected credit loss under the provision matrix basis. The provision matrix basis based on historical default rates observed during the lifetime of accounts receivable to adjust. On each reporting day, the Company updated the observed historical default rates and analyzed changes. On December 31, 2023 and 2022, the Company expected credit loss rate during the lifetime is stated as follow:

	Notes Receivable	**Accounts Receivable**					
	dishonoured check	Without past due	1~90 days	91 to 180 days	181 to 360 days	1 to 2 years	More than 2 year
Expected loss rate	100%	0%	7%	15%	25%	50%	100%

Ⓚ The Company grants the loan period varying based on the evaluation on each trading customer, generally O/A 60 days or 210 days. For the information about the changes of loss allowances provided for the Company’s impairment on receivable accounts and account age analysis on loans, please see Note 6(4).

(c) Liquidity risk

Ⓐ The liquidity risk arises when the Company fails to deliver cash or other financial assets to repay financial liabilities and to perform the related obligation. The Company managed the liquidity in a manner ensuring that the Company has sufficient working fund to repay matured liabilities under the general and critical circumstances, so as to avoid unacceptable loss or impairment on the Company's goodwill.

Ⓑ The Company’s will call the management meeting periodically to assist Financial Accounting Dept. Control the need for cash flow and the optimal investment return in cash. Generally, the Company will ensure that it has sufficient cash to meet the need for expected operating expenditure for 90 days, including performance of financial obligation, but excluding the potential effect which it is impossible to expect reasonably under extreme circumstances, e.g. natural calamity. The unused limit of the Company's loan totaled NT$2,099,440 thousand on December 31, 2023.

Ⓒ The following table refers to the non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. Nevertheless, the Group did not hold derivative financial liabilities.

Non-derivative financial liabilities	December 31, 2023 Within 1 year	1~2 years	More than 2 years	Total
Short-term loan	$ —	$ —	$ —	$ —
Payable accounts (including related party)	542,081	—	—	542,081
Other payable accounts (including related party)	1,216,424	—	—	1,216,424
Lease liabilities (note)	43,518	29,138	20,620	93,276
Long-term loan (including the current portion)	166,579	197,814	1,313,209	1,677,602
Total	$ 1,968,602	$ 226,952	$ 1,333,829	$ 3,529,383

Non-derivative financial liabilities	December 31, 2022 Within 1 year	1~2 years	More than 2 years	Total
Short-term loan	$ —	$ —	$ —	$ —
Payable accounts (including related party)	511,388	—	—	511,388
Other payable accounts (including related party)	1,077,551	—	—	1,077,551
Lease liabilities (note)	42,070	32,392	35,283	109,745
Long-term loan (including the current portion)	103,740	166,579	857,583	1,127,902
Total	$ 1,734,749	$ 198,971	$ 892,866	$ 2,826,586

<Note>

Lease payments are low-value asset leases or short-term leases that are exempt from recognition of lease liabilities. If lease payment are significant, it should be disclose the maturity analysis of the contractual cash flow amounts.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Ⓐ Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Ⓑ Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in Equity instruments - Stock in domestic listed company through private placement and corporate bonds is included in Level 2.

Ⓒ Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, pledged deposit, bank loan, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

Ⓐ The Company measured at fair value by level on the basis of the assets and liabilities:

	December 31, 2023			
		Fair value		
	Book value	**Level 1**	**Level 2**	**Level 3**
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss－current convertible bonds option	$ －	－	$ －	－
Financial assets at fair value through other comprehensive income-Noncurrent items Equity instruments -Stock in domestic listed company through private placement	226,940	－	226,940	－
Financial assets at fair value through other comprehensive income-Noncurrent items Equity instruments -Domestic innovation board common stock	37,088	－	37,088	－
Non-recurring fair value measurements	－	－	－	－
Liabilities				
Recurring fair value measurements	－	－	－	－

	December 31, 2022			
		Fair value		
	Book value	**Level 1**	**Level 2**	**Level 3**
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss－current convertible bonds option	$ －	－	$ －	－
Financial assets at fair value through other comprehensive income-Noncurrent items Equity instruments -Stock in domestic listed company through private placement	148,190	－	148,190	－
Financial assets at fair value through other comprehensive income-Noncurrent items Equity instruments	37,548	－	37,548	－

-Domestic innovation board common stock				
Non-recurring fair value measurements	—	—	—	—
Liabilities				
Recurring fair value measurements	—	—	—	—

Ⓑ The methods and assumptions of fair value estimate are as follows:

Convertible bonds option

Valuation techniques and inputs applied for Level 2 fair value measurement

Financial instruments	Instruments and inputs
Convertible bonds option	Binomial tree valuation model： Evaluated by the observable of duration, conversion price, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

Equity instruments

Valuation techniques and inputs applied for Level 2 fair value measurement

Financial instruments	Instruments and inputs
Equity instruments -Stock in domestic listed company through private placement	Black-Scholes valuation model： Observing the parameters at the end of the period, such as restriction period, stock price, strike price, volatility, and risk-free interest rate, estimate the put value and liquidity discount to obtain the fair value of the privately placed common stock.
Equity instruments- Domestic innovation board stocks	Market approach: Based on the indicators of comparable business items, products, scale and financial ratios, the listed OTC companies are considered to have similar performance and value. Therefore, the value of the rated company should be estimated from the value of the analogous company. In addition, for companies on the innovation board, their stock market liquidity is not good, and the stock price should consider the liquidity discount.

D. There were no transfer between **Level** 1 and **Level** 2 for the year ended December 31, 2023 and 2022.

13. Supplementary Disclosures

(1) Significant transactions information

According to the Regulations Governing the Preparation of Financial Reports by

Securities Issuers, the Company shall also disclose the information about important transactions:

No.	Contents	2023
1	Loans to others:	N/A
2	Endorsement/guarantees made for others:	N/A
3	Marketable securities-ending	Attached table 1
4	Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more than 20% of the paid-in capital in the current period.	N/A
5	Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	Attached table 2
6	Amount on disposal of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	N/A
7	Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital.	Attached table 3
8	Accounts receivable-related party reaching 100 million NTD or more than 20% of the Paid-in capital.	Attached table 4
9	Transactions of derivative instruments.	N/A
10	Business relationship and important transactions between parent company and subsidiaries.	Not be disclosed in parent company financial statement

Attached table 1：Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Securities held by	Marketable Securities	Relationship with the securities issuer	Financial Statement Account	Ending Balance				Note
				Number of shares (In thousand shares or thousand units)	Book Value	Percentage Of Ownership (%)	Fair Value	
The Company	Private equity of domestic listed company – Spirox Corporation	–	Note 1	7,000	$226,940	6.09%	$226,940	–
The Company	Common stock – PlayNitride Inc	–	Note 1	380	37,088	0.35%	37,088	–

Note 1 ：Financial Statement Account：Financial assets at fair value through other comprehensive income - non-current.

Attached table 2: Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.

Company acquiring real estate	Property name	Transaction Date	Transaction Amount (Foreign currency)	Payment Status	Counter party	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The Company	Land, House and building	April 10,2023	$816,800	Pay in full	Nature person	Unrelated party	—	—	—	—	Refer to market quotations and professional appraisal reports	Constructing factory buildings	Classified under investment properties (please refer to Note 6(10) for details)

Attached table 3: Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital

Seller/ buyer	Trading counterpart	Relationship	Status				Distinctive terms and conditions of trade and the reasons		Accounts/notes receivable (payable)		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount	Extension of loan Duration	Unit price	Duration of loan	Balance	Percentage in total accounts/notes receivable (payable)	
The Company	MPS	The Company's subsidiaries	Sale	$ 1,644,147	24 %	same as that applicable to the general customer	—	—	Receivable accounts $644,158	40%	
The Company	MPI AMERICA INC.	The Company's subsidiaries	Sale	$ 833,313	12 %	same as that applicable to the general customer	—	—	Receivable accounts $499,882	31%	
The Company	CLIC	The Company's subsidiaries	Sale	$ 109,831	2 %	same as that applicable to the general customer	—	—	Receivable accounts $26,205	2%	

Attached Table 4: Accounts receivable-related party reaching 100 million NTD or more than 20% of the Paid-in capital

Name of company stated into receivable accounts	Trading counterpart	Relationship	Balance of receivable accounts-related parties	Turnover rate	Overdue receivable accounts-related parties		Subsequent recovered amount of receivable accounts-related parties	Allowance for bad debt
					Amount	Treatment		
MPI Corporation	MPS	The Company's subsidiaries	Receivable accounts $644,158	2.6549	—	—	$223,547	—
MPI Corporation	MPI AMERICA INC.	The Company's subsidiaries	Receivable accounts $499,882	1.6817	—	—	$ 96,884	—

(2) Information on investees

The information about name, territory, business lines, original investment amount, shares held at ending, income and investment income recognized in the current period of the investees in which the Company may exert material influence or control directly or indirectly (exclusive of investees in Mainland China) for the year ended December 31, 2023 is stated as following:

Investor	Investee	Territory	Business lines	Original investment amount		Held at ending			Investee income recognized in current period (Note 1)	Investment income recognized in the current period (Note 2) (Note 3)	Remark
				End of the period	End of last year	Quantity	Ratio	Book value			
MPI Corporation	MPI TRADING CORP.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Trading of probe cards and semi-automatic probers	$ 32	$ 32	1,000	100%	$ 57,266	$ (986)	$ (986)	Subsidiary of MPI Corporation
MPI Corporation	MMI HOLDING CO.,LTD.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Holding company	$ 573,502	$ 573,502	18,267,987	100%	$ 842,200	$ 166,668	$ 169,183	Subsidiary of MPI Corporation
MPI Corporation	MEGTAS CO.,LTD.	134 Gunseo-ri, Jikson-eub, Seobuk-gu, Cheonan, Chungnam,331-811, Korea	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts	$ 53,767	$ 53,767	400,000	80%	$ 23,517	$ (11,622)	$ (8,801)	Subsidiary of MPI Corporation
MPI Corporation	Chain-Logic International Corp.	2F, No. 988, Litoushan Sec., Wunshan Rd., Hsinpu, Hsinchu County	Professional agent of semi-conductor	$ 50,000	$ 50,000	5,000,000	100%	$ 261,284	$ 47,212	$ 46,847	Subsidiary of MPI Corporation
MPI Corporation	Allstron Corporation	No. 8, Lane 98, Jiaren Street, Neighborhood 36, Xinan Vil., Zhubei City, Hsinchu County	High-frequency wafer measurement probe card manufacturer	$ 50,000	$ 50,000	1,550,000	100%	$ 1,090	$ (373)	$ (373)	Subsidiary of MPI Corporation
MPI Corporation	MPA TRADING CORP.	Vistra (Anguilla) Limited, Vistra Corporate Services Centre, Albert Lake Drive, The Valley, Anguilla, British West Indies.	Holding company	$ 321,352	$ 321,352	11,450,000	100%	$ 42,618	$ (4,952)	$ (7,119)	Subsidiary of MPI Corporation
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP.	Offshore Incorporations (Mauritius) Limited, G.P.O.BOX 365,307 St James Court, St Denis Street, Port Louis, Republic of Mauritius.	Primarily engaged in international trading	$ —	$ 3,724 (Note 4)	—	—%	$ —	$ —	—	Subsidiary of Chain-Logic International Corp.
MPI Corporation	MPI America Inc	2360 QUME DRIVE,SUITE C,SAN JOSE,CA	Trading of probe cards and semi-automatic probers	$ 319,837	$ 319,837	6,300,000	100%	$ 48,811	$ (4,917)	—	Subsidiary of MPA TRADING CORP.
MPI AMERICA INC.	Celadon Systems Inc.	13795 Frontier Ct Burnsville, Minnesota 55337 , USA	Selling and manufacturing of Probe Card , Test Equipment and High-performance cables	$ 283,471	$ 283,471	1,000	100%	$ 375,604	$ 34,608	—	Subsidiary of MPI AMERICA INC.

Note 1: Except MEGTAS CO., LTD., MPI AMERICA INC., and Celadon Systems Inc. which were audited by other external auditors commissioned by it instead of the Company's external auditors. The others were audited by CPA of the parent company.

Note 2: The investment income recognized in the current period includes the investment income recognized under equity method and realized (unrealized) gain recognized from upstream/side stream transactions.

Note 3: The subsidiaries' income recognized in the current period includes the investment income to be recognized for their re-investment pursuant to the requirements.

Note 4: The subsidiary of the Group – CHAIN-LOGIC TRADING CORP. has reduced the cash capital US$1,100,000 (equivalent to NT$34,234 thousand) in July 2019 and US$300,000 (equivalent to NT$8,963 thousand) in January 2020. As of December 31st, 2022, the Company has invested a total of US$100 in the subsidiary, CHAIN-LOGIC TRADING CORP., totaling 100 shares, at the par value of US$1 per share. The Company's shareholding was 100%.

A motion for the liquidation of the subsidiary – CHAIN-LOGIC TRADING CORP. – was submitted due to its lack of substantial operations. The agent applied for deregistration, which was approved by the ROC in June 2022. The liquidation amount of US$88.27 (equivalent to NT$3 thousand) was remitted in December 2022. The liquidation was completed in 3 November, 2023 and recognized loss on disposal of investment amount of NT$3,737 thousand. The liquidation is approved by the Department of Investment Review, Ministry of Economic Affairs.

(3) Information on investments in Mainland China

A. Information related to investments in the territories of Mainland China

Name of Chinese investee	Business lines	Paid-in capital	Mode of investment	Accumulated investment balance, beginning	Amount remitted or recovered in the current period		Accumulated investment balance, ending	Investee income recognized in current period	Direct and indirect shareholding of the Company	Investment income recognized in the current period (Note 2)	Book value, ending	Accumulated investment income received until the end of period
					outflow	inflow						
Lumitek (Changzhou) Co. Ltd.	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.	USD 16,000,000 ($ 502,470)	(Note1)	USD 16,000,000 ($ 502,470)	–	–	USD 16,000,000 ($ 502,470)	$ 17,120	100 %	$ 17,120	$ 600,087	–
MPI (Suzhou) Corporation	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED	USD 2,000,000 ($60,180) Registered capital	(Note1)	USD 2,000,000 ($60,180)	–	–	USD 2,000,000 ($60,180)	$ 149,473	100 %	$ 149,473	$245,082	–

	process equipment, and new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.	USD 3,000,000 ($ 90,270)										

Note 1: Reinvest the company in Mainland China via the offshore subsidiary, MMI HOLDING CO., LTD.

Note 2: The recognition of investment income was on the basis of the financial statement audited by CPA of the parent company.

B. Information related to ceiling on investment in Mainland China

Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note)
USD 18,000,000 (NTD 562,650)	USD 19,410,272.42 (NTD 611,455)	NTD 4,572,299

Note1: The ceiling shall be the higher of the net worth or 60% of the consolidated net worth.

Note2：Investment amount approved by the Investment

(a) Investment amount approved by the Investment LEDA-ONE (Shenzhen) Co. was liquidated and Written off in May 2017 and remitted the surplus investment US$155,857.58 (equivalent to NT$4,677 thousand) to offset the investment amount approved by the MOEA. The original investment amount at US$1,800,000(equivalent to NT$54,111 thousand) is still in total of US$1,644,142.42(equivalent to NT$49,434 thousand) that could not be offset the investment amount.

(b) MJC Microelectronics(Kunshan) Co., Ltd. was transferred to Japanese MJC Corporation in March, 2018, and the transfer amount of US$2,857,000 (equivalent to NT$84,006 thousand) was used to deduct the mainland investment quota in April, 2018.

(c) MJC Microelectronics (Shanghai) Co., Ltd. was liquidated in August, 2018, and in September, 2018, the liquidation amount of US$936,870 (equivalent to NT$28,669 thousand) was used to deduct the accumulated amount of investment in Mainland China.

(d) The subsidiary of the Group – CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP. has passed the reduction of cash capital US$1,100,000 (equivalent to NT$34,234 thousand) by the Board of Directors meeting, and the amount of cash capital reduction has remitted to CHAIN-LOGIC TRADING CORP. in July, 2019. The amount was used to deduct the accumulated amount of investment in Mainland China.

(e) The subsidiary of the Group – CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP. was liquidated and written down in November, 2019. Part of the liquidation amount of US$300,000 (equivalent to NT$8,963 thousand) has remitted to Chain-Logic International Corp. by CHAIN-LOGIC TRADING CORP. in January, 2020 and was used to deduct the accumulated amount of investment in Mainland China. The Investment been approved by Commission on MOEA put on record on February 27, 2020.

C. Important transactions:

For the important transactions of the Company with the investees in Mainland China, direct or indirect, in 2023(which have been eliminated when preparing the consolidated financial statements), please see the "Information related to the investees" and "Major business dealings and transactions between the parent company and its subsidiaries" referred to in Note 13 to the consolidated financial statements.

(4) <u>Major shareholders information</u>

Shares / Name of major shareholders	Total Shares Owned	Ownership Percentage
MPI Investment Corporation	8,334,626	8.84%

Note1: The table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of MPI Corporation stocks completed the process of registration and book-entry delivery in dematerialized from on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decision on trust property. Information on insider equity declaration is available on the

Market Observation Post System website.

Note3: The principle of this table is based on the list of securities owners at the book closure date announced by the interim shareholders meeting without margin trading-short.

Note4: Ratio of holding shares (%) = total number of shares holding by the shareholder / total number of shares delivered in dematerialized form

Note5: The total number of common stock and preferred stock delivered in dematerialized form (including treasury stock) were 94,231,106 shares = 94,231,106 (common stock) + 0 (preferred stock).

14. <u>Information by department</u>

Please see the consolidated financial statements 2023.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,
MPI CORPORATION
By

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Chairman
March 7, 2024

Independent Accountants' Audit Report

TO the Board of Directors and Stockholders of MPI Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters on the consolidated financial statements for the year ended December 31, 2023 were as follows:

1. Revenue Recognition

Matter Description

Regarding the accounting policy of revenue recognition, please refer to (28) of Note 4 of the Consolidated Financial Statements. Regarding relevant disclosure, please refer to (19) of Note 6.

Sales revenue is the major index for investors and the management to evaluate the finance or performance of MPI Group. As the point in time for revenue recognition and the amount of recognized revenue can make a big difference on the financial statements, the CPA(s) has also reviewed the accuracy of these two key factors during the audit.

Audit Procedures in Response

The CPA(s) has implemented audit procedures in response as summarized below:

(1) Understood and tested the design and implementation efficiency of sales and receiving circulation control system.

(2) Understood the major revenue type and trading terms of MPI Group to assess if the accounting policy of point in time for revenue recognition is appropriate.

(3) Understood the product type and sales of the top 10 customers; sampled and reviewed the orders; assessed the influence of trading terms to revenue recognition; and confirmed if MPI Group has handled accounting relevant activities appropriately.

(4) Evaluated if the number of days for turning over the sales revenue and payables; and analyzed changes to customers of this and last year at the same time point to see if there is any abnormality.

(5) Implemented the detail test, where transactions of sales revenue before and after the financial statements within a specified period have been sampled to carry out the cut-off test and verify relevant certificates. Changes to the inventory in account books and transferred sales costs have

been recorded during an appropriate period of period to evaluate the correctness of the period of recognizing the revenue, ensure if there is any abnormal revenue journal voucher, and understand if there is any grave refund or return after the period.

2. Inventory Valuation

Matter Description

Regarding the accounting policy of inventory valuation, please refer to (17) of Note 4 of Consolidated Financial Statements. Regarding significant accounting judgments, estimations, and assumptions of inventory valuation, please refer to Note 5 of Consolidated Financial Statements. Regarding descriptions of inventory accounting items, please refer to (5) of Note 6 of consolidated Financial Statements. The Group recognize inventories amounting to NT$3,324,625 thousand and allowance for inventories amounting to NT$572,241 thousand. The book value of the Group's inventories as December 31, 2023 was NT$2,752,384 thousand and accounted 22% of the total assets in the consolidated balance sheet.

MPI Group mainly engages in the manufacturing and sales of semiconductor production and testing equipment. Due to rapid technological changes, short life cycle and intense market competition of electronic products, there is a high tendency for inventory valuation loss and losses caused by outdated inventory. The inventory is evaluated by either the cost or net realizable value, depending on which one has the lower value. Inventories that exceed specific inventory age or are evaluated as outdated during individual assessment shall have the inventory loss evaluation conducted also based on the inventory age and future product demand during specific period of time. The information comes from the management’s judgment on each product’s net realizable value based on the inventory sales, age and quality conditions. As the amount of MPI Group’s inventory is great; a number of items are included on the inventory list; and the valuation of inventories that have exceeded specific age or are outdated relies heavily on the management’s subjective judgement and involves a high degree of uncertainty, the CPA(s) believes that the inventory valuation and obsolescence loss is one of the key audit matters of the year.

Audit Procedures in Response

The CPA(s) has implemented the audit procedures in response as summarized below:

(1) With the CPA’s knowledge of the industry and MPI Group’s operations, evaluated the soundness of the Corporation’s policies concerning the allowance for inventory valuation loss and doubtful debts.

(2) Understood MPI Group’s inventory management procedures, reviewed it’s annul inventory plan, and participated in its annual inventory check to evaluate the management’s judgement and control efficiency of outdated inventories.

(3) Acquired the list of product inventory age, verified the appropriateness of reporting system logic, and confirmed the consistency of report information and adopted policies.

(4) Evaluated the appropriateness of the methods of calculating inventory valuation impairment, including deciding the inventory classification based on the net realizable value, checking individual material number to verify the basic assumption of the calculation in relevant supporting document, and verify the accuracy of calculation.

Other Matter-Making Reference to the Audits of Component Auditors

Information on the subsidiaries of MPI Corporation included the aforementioned statements covering the period of 2023 and 2022. And the information on direct investment as disclosed in note 13 is valuated as audited by other public accountants. Said subsidiaries' total assets of are NT$638,722 thousand and NT$693,720 thousand or accounted for 5.13% and 6.36% of the consolidated total assets as of December 31, 2023 and 2022, respectively. As of January 1 to December 31, 2023 and 2022, had net operating revenue amounted to NT$1,346,555 thousand and NT$1,232,875 thousand, or accounted for 16.53% and 16.57% of the consolidated net operating revenue, respectively.

Other Matter

We have also audited the parent Group only financial statements of MPI CORPORATION as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

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

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

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

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

Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of

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

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

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

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

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

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

NEXIA Sun Rise CPAs & Company
Taipei, Taiwan, Republic of China

March 07, 2024

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

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

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (ASSETS)

DECEMBER 31, 2023 AND 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

		December 31, 2023		December 31, 2022	
ASSETS	Note	Amounts	%	Amounts	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	$ 2,579,316	21	$ 2,382,315	22
Notes receivable, net	6(3)	161,949	1	66,549	1
Accounts receivable, net	6(4)	1,175,905	10	1,056,816	10
Other receivables		29,589	-	17,083	-
Income tax receivable		61	-	2,626	-
Inventories, net	6(5)	2,752,384	22	2,747,399	25
Prepayments		153,339	1	101,942	1
Non-current assets (or disposal group) held for sale,net	6(6)	42,128	-	-	-
Other current assets	8	9,455	-	33,663	-
Total Current Assets		6,904,126	55	6,408,393	59
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income-non-current	6(2)	273,202	2	195,026	2
Property, plant and equipment	6(7).8	3,390,814	27	3,427,432	31
Right-of-use assets	6(8)	187,986	2	184,836	2
Investment properties, net	6(9)	874,263	7	-	-
Intangible assets	6(10)	296,348	3	287,792	3
Deferred income tax assets	6(21)	163,430	1	147,540	1
Other noncurrent assets	6(11).8	349,703	3	251,912	2
Total Noncurrent Assets		5,535,746	45	4,494,538	41
TOTAL ASSETS		$ 12,439,872	100	$ 10,902,931	100

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

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Note	January 1 ~ December 31, 2023 Amounts	%	January 1 ~ December 31, 2022 (After restatement) Amounts	%
OPERATING REVENUE, NET	6(19)				
Sales revenue		$ 7,991,094	98	$ 7,211,215	97
Less: sales returns		(17,072)	-	(6,505)	-
sales discounts and allowances		(20,150)	-	(20,320)	-
Commission revenue		1,426	-	13,881	-
Processing Fees revenue		191,814	2	213,658	3
Operating Revenue, net		8,147,112	100	7,411,929	100
OPERATING COSTS	6(5)	(4,250,049)	(52)	(4,005,548)	(54)
GROSS PROFIT, NET		3,897,063	48	3,406,381	46
OPERATING EXPENSES					
Selling expenses		(1,029,613)	(13)	(899,638)	(12)
General & administrative expenses		(561,681)	(7)	(507,240)	(7)
Research and development expenses	6(10)	(830,188)	(10)	(747,552)	(10)
Expected Credit (losses)gains	6(4)	(4,216)	-	(1,659)	-
Operating expenses, net		(2,425,698)	(30)	(2,156,089)	(29)
OPERATING INCOME		1,471,365	18	1,250,292	17
NON-OPERATING INCOME AND EXPENSES					
Other gains and losses, net	6(20)	21,654	-	147,610	2
Finance costs	6(20)	(26,086)	-	(13,707)	-
Interest income	6(20)	29,935	-	4,958	-
Rent income	6(8)	33,057	-	16,356	-
Dividend income		6,995	-	1,399	-
Other non-operating revenue-other items		45,375	1	39,087	-
Total Non-operating Income and Expenses		110,930	1	195,703	2
INCOME BEFORE INCOME TAX		1,582,295	19	1,445,995	19
INCOME TAX EXPENSE	6(19)	(263,747)	(3)	(228,613)	(3)
NET PROFIT FOR CONTINUING OPERATIONS		1,318,548	16	1,217,382	16
GAIN (LOSSES) ON DISCONTINUED OPERATIONS	6(6)	(8,973)	-	(5,120)	-
NET INCOME		1,309,575	16	1,212,262	16
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that are not to be reclassified to profit or loss					
Re-measurements from defined benefit plans		5,982	-	(129)	-
Unrealized gain (losses) on financial assets at fair value through other comprehensive income	6(2)	78,176	1	(22,626)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising on translation of foreign operations		(7,609)	-	23,380	-
Other comprehensive income (loss) for the year, net of income tax		76,549	1	625	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 1,386,124	17	$ 1,212,887	16
NET INCOME(LOSS) ATTRIBUTABLE TO：					
Shareholders of the parent		$ 1,311,899	16	$ 1,213,625	16
Non-controlling interests		(2,324)	-	(1,363)	-
		$ 1,309,575	16	$ 1,212,262	16
TOTAL COMPREHENSIVE INCOME(LOSS)					
Shareholders of the parent		$ 1,388,646	17	$ 1,213,848	16
Non-controlling interests		(2,522)	-	(961)	-
		$ 1,386,124	17	$ 1,212,887	16
		After-tax		After-tax	
EARNINGS PER COMMON SHARE(NTD)	6(20)				
Basic earnings per share		$ 13.92		$ 12.89	
Diluted earnings per share		$ 13.83		$ 12.74	

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

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Capital		Retained Earnings			Others					
	Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized gain (losses) on financial assets at fair value through other comprehensive income	Equity directly related to non-current assets (or disposal group) held for sale	Total	Non-controlling Interests	Total Equity
BALANCE,JANUARY,1,2022	$ 940,738	$ 1,736,500	$ 710,848	$ 79,234	$ 2,651,200	$ (78,665)	$ (1,540)	$ -	$ 6,038,315	$ 9,487	$ 6,047,802
Legal capital reserve			68,891		(68,891)				-		-
Special capital reserve				971	(971)				-		-
Cash Dividends of Common Stock					(376,314)				(376,314)		(376,314)
Capital Reserve From Stock Warrants		8,732							8,732		8,732
Other changes in capital surplus		(687)							(687)		(687)
Net Income in 2022					1,213,625				1,213,625	(1,363)	1,212,262
Other comprehensive income (loss) in2022, net of income tax					(129)	22,978	(22,626)	-	223	402	625
Total comprehensive income (loss) in 2022	-	-	-	-	1,213,496	22,978	(22,626)	-	1,213,848	(961)	1,212,887
Convertible Bonds Transferred To Common Stock	1,573	-							1,573		1,573
BALANCE,DECEMBER,31,2022	$ 942,311	$ 1,744,545	$ 779,739	$ 80,205	$ 3,418,520	$ (55,687)	$ (24,166)	$ -	$ 6,885,467	$ 8,526	$ 6,893,993
BALANCE,JANUARY,1,2023	$ 942,311	$ 1,744,545	$ 779,739	$ 80,205	$ 3,418,520	$ (55,687)	$ (24,166)	$ -	$ 6,885,467	$ 8,526	$ 6,893,993
Legal capital reserve			121,349		(121,349)				-		-
Special capital reserve				(352)	352				-		-
Cash Dividends of Common Stock					(659,618)				(659,618)		(659,618)
Net Income in 2023					1,311,899				1,311,899	(2,324)	1,309,575
Other comprehensive income (loss) in 2023, net of income tax					5,982	(2,457)	78,176	(4,954)	76,747	(198)	76,549
Total comprehensive income (loss) in 2023	-	-	-	-	1,317,881	(2,457)	78,176	(4,954)	1,388,646	(2,522)	1,386,124
BALANCE,DECEMBER,31,2023	$ 942,311	$ 1,744,545	$ 901,088	$ 79,853	$ 3,955,786	$ (58,144)	$ 54,010	$ (4,954)	$ 7,614,495	$ 6,004	$ 7,620,499

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

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2023	Jan 1 ~ Dec 31, 2022 (After restatement)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (losses) before income tax of continuing operations	$ 1,582,295	$ 1,445,995
Income (losses) before tax of discontinued operations	(8,973)	(5,120)
Income before income tax	1,573,322	1,440,875
Adjustments to reconcile net income to net cash		
Depreciation	461,897	465,795
Amortization	74,604	59,454
Expected Credit loss (gain)	4,254	1,573
(Gain) loss on Financial Assets (Liabilities) at Fair Value through Profit or Loss	-	48
Interest expense	26,150	13,766
Interest revenue	(30,040)	(5,177)
Dividend income	(6,995)	(1,399)
(Gain) loss on disposal of property, plant and equipment	(95)	(297)
(Gain) loss on disposal of investment accounted for using equity method	3,737	-
(Gain) loss on lease modification	(83)	(419)
Rent concessions	-	(138)
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (Increase) in notes receivable	(95,400)	103,982
Decrease (Increase) in accounts receivable	(129,533)	154,224
Decrease (Increase) in other receivables	(12,442)	(4,021)
Decrease (Increase) in inventories	(23,998)	(172,803)
Decrease (Increase) in prepayments	(51,397)	17,712
Decrease (Increase) in other current assets	(2,037)	(702)
Net changes in operating liabilities		
(Decrease) Increase in contract liabilities	13,704	(18,121)
(Decrease) Increase in notes payable	(4,112)	(1,653)
(Decrease) Increase in accounts payable	39,935	(32,596)
(Decrease) Increase in other accounts payable	77,297	198,849
(Decrease) Increase in provision for liabilities	5,397	(626)
(Decrease) Increase in other current liabilities	16,383	(36)
(Decrease) Increase in net defined benefit liability	5,130	6,818
Cash generated from operations	1,945,678	2,225,108
Interest received	29,329	4,595
Interest paid	(19,662)	(9,518)
Cash dividend paid	(659,618)	(376,314)
Income taxes paid	(250,041)	(126,622)
Net cash Provided By (Used In) Operating Activities	1,045,686	1,717,249

(Continue)

MPI CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

(All amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Items	Jan 1 ~ Dec 31, 2023	Jan 1 ~ Dec 31, 2022 (After restatement)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through other comprehensive income	-	(51,192)
Disposal of subsidiaries	3	-
Acquisition of non-current assets held for sale	(1,335)	-
Acquisition of property, plant and equipment	(311,812)	(291,410)
Proceeds from disposal of property, plant and equipment	6,860	21,132
Acquisition of intangible assets	(57,234)	(48,933)
Acquisition of investment properties	(814,109)	-
Increase in other financial assets	-	(19,738)
Decrease in other financial assets	26,358	-
Increase in other non-current assets	(124,551)	(79,896)
Cash dividends received	6,995	1,399
Net cash Provided By (Used In) Investing Activities	(1,268,825)	(468,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(100,000)
Issuance of long-term loans	531,701	3,991
Increase in Guarantee Deposits Received	13,505	101
Cash payments for the principal portion of the lease liability	(110,566)	(86,895)
Increase (decrease) in non-controlling interests	(198)	402
Net cash Provided By (Used In) Financing Activities	434,442	(182,401)
Effects of exchange rate change on cash	(8,894)	(8,187)
Net increase (decrease) in cash and cash equivalents	202,409	1,058,023
Cash and cash equivalents at beginning of year	2,382,315	1,324,292
Cash and cash equivalents at end of year	$ 2,584,724	$ 2,382,315
Reconciliation of cash and cash equivalents at end of year		
Cash and cash equivalents stated in the consolidated balance sheets	$ 2,579,316	$ 2,382,315
Cash and cash equivalents classified to non-current assets (or disposal group) held for sale	5,408	-
Cash and cash equivalents at end of year	$ 2,584,724	$ 2,382,315

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

MPI CORPORATION and its Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in NT$1,000, Unless Otherwise Noted)

1. Company profile

(1) MPI Corporation (hereinafter referred to as the "Company") was founded according to the Company Law and other related laws on July 25, 1995. Upon capital increase for several times, the Company's paid-in capital has been NT$942,311 thousand and outstanding stock has been 94,231,106 shares until December 31, 2023. Upon resolution of the general shareholders' meeting on June 12, 2018, the Company raised the authorized capital as NT$1,200,000,000, divided into 120,000,000 shares at par value of NT$10 per share. The board of directors is authorized to issue the stock in lots. NT$50,000 thousand is withheld from the gross capital referred to in the preceding paragraph, divided into 5,000,000 shares at par value of NT$10 per share, available for the subscription by exercise of stock warrants and issued upon resolution of a directors' meeting.

(2) The Company and its subsidiaries (hereinafter referred to as the "Group" collectively) primarily engage in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments.

(3) The Company was approved to initiate the IPO in July 2001, and started to trade on Taiwan Stock Exchange as of January 6, 2003.

2. Date and procedure for ratification of financial report

The consolidated financial statements have been approved and released by the Board of Directors on March 7, 2024.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023

Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International reform – pillar two model rules'	May 23 , 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(4) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(5) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 –comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. Summary of Significant Accounting Policies

The important accounting policies applied by the financial statements are summarized as follows: Unless otherwise provided, the following accounting policies have been applied during the presentation period of the consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the "Regulations") and IFRSs that came into effect as endorsed by FSC to disclose all of the necessary to be disclosed in the annual consolidated financial statements.

(2) Basis for preparation

A. Basis for measurement

Except the following important items in the balance sheet, the consolidated financial statement was prepared based on the historical cost:

(1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(3) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. Functional currency and presentation of currency

The functional currency of each of the Group's entities shall be subject to the currency applicable in the main economic environment in which its business place is situated. The consolidated financial statements should be presented based on the Company’s functional currency, NTD. Unless otherwise noted, all of the financial information presented in NTD should be held presented in NTD 1,000 as the currency unit.

(3) Basis for consolidation

A. Principles for preparation of consolidated financial statements

(a) The Group included all of the subsidiaries into the consolidated financial statements. Subsidiaries mean the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration participated by the entities or is entitled to changes of remuneration, and is able to influence the remuneration by virtue of its power over the entities, the Group is held controlling the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.

(b) Unrealized gains on transactions between the Group companies are eliminated to the extent of the Group’s interest in the associates. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Elements of the income and other comprehensive income shall be vested in parent company shareholders and non-controlling equity. The total comprehensive income shall be vested in parent company shareholders and non-controlling equity, even if the non-controlling equity suffers loss.

(d) Where the changes in shareholdings of subsidiaries don't result in forfeiture of controlling power (transactions with non-controlling equity), they shall be processed as equity transactions, which are identified as the transactions with parent company shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected consideration shall be stated into equity directly.

(e) When the Group forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be re-measured based on fair value, and identified as the fair value of financial asset recognized initially or cost of the investment in affiliates or joint ventures recognized initially. The price difference between the fair value and book value is stated into current income. Where the accounting treatment for the values related to the subsidiaries as stated into other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, if the gain or loss stated into other comprehensive income previously would be reclassified into income when the related assets or liabilities are disposed of, the gain or loss shall be reclassified into income from equity, when the Group forfeits control over the subsidiaries.

B. Subsidiaries included into the consolidated financial statements and status of change thereof:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			2023.12.31	2022 12.31	
MPI	Chain-Logic International Corp.	professional equipment agent and provides technologic service for the manufacturing of high-tech industry such as LED, LCD, Semiconductor, and etc.	100%	100%	Established on March 1 ,1994
MPI	MPI TRADING CORP.(Samoa)	Selling Probe Card and Test Equipment	100%	100%	Established on December 22, 2000.
MPI	MMI HOLDING CO., LTD.(Samoa)	Investment activities	100%	100%	Established on August 7, 2002.

MPI	MEGTAS CO., LTD	Test, maintenance, manufacturing and import/export trading of parts of semiconductors	80%	80%	Established on September 1, 2010(Note1).
MPI	ALLSTRON CORP.	Manufacturing of high frequency wafer foundry measuring probing	100%	100%	Established on March 31, 2006. The Company started on January 1, 2014 as the acquisition date, acquiring 100% of the shares.
MPI	MPA TRADING CORP.	Investment activities	100%	100%	Established on April 12, 2017.
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP. (Mauritius)	International trading business	100%	100%	Established on November 19, 2001. (Note 2)
MMI HOLDING CO., LTD.	Lumitek (ChangZhou) Co.,Ltd.	Selling and manufacturing of high-tech industry such as LED.	100%	100%	Established on January 10, 2014.
MMI HOLDING CO., LTD.	MPI (Suzhou) CORPORATION	Selling and manufacturing of high-tech industry such as LED.	100%	100%	Established on July 11, 2017.
MPA TRADING CORP.	MPI AMERICA INC.	Selling Probe Card and Test Equipment	100%	100%	Established on March 29, 2017.
MPI AMERICA INC.	Celadon Systems, Inc.	Selling and manufacturing of Probe Card , Test Equipment and High-performance cables	100%	100%	Established on May 17, 1996. The Company started on September 9, 2021 as the acquisition date, acquiring 100% of the shares.

(Note1)The Company has passed the disposal of total share capital of the 80% ownership subsidiary – Megtas Co., Ltd. by the Board of Directors meeting in May 11, 2023. Until the date of the accountant's audit report, the transaction has not completed.

(Note2)The subsidiary of the Group – CHAIN-LOGIC TRADING CORP. has reduced the cash capital US$1,100,000 (equivalent to NT$34,234 thousand) in July 2019 and US$300,000 (equivalent to NT$8,963 thousand) in January 2020. As of December 31, 2022, the Company has invested a total of US$100 in the subsidiary, CHAIN-LOGIC TRADING CORP., totaling 100 shares, at the par value of US$1 per share. The Company's shareholding was 100%.

A motion for the liquidation of the subsidiary – CHAIN-LOGIC TRADING CORP. – was submitted due to its lack of substantial operations. The agent applied for deregistration, which was approved by the ROC in June 2022. The liquidation was completed in 3 November, 2023 and the liquidation amount of US$88.27 (equivalent to NT$3 thousand) was remitted in December 2022.

The financial statements 2023 and 2022 of said subsidiary, MEGTAS CO., LTD., were audited by other external auditors commissioned by it, instead of the Company's external auditors. The investment (losses) recognized according to the financial statements audited by other external auditors and based on the shareholdings were NT$(9,297) thousand and NT$(5,456) thousand.

The financial statements 2023 and 2022 of said subsidiary, MPI AMERICA INC. (include Subsidiary of MPI AMERICA INC. - Celadon Systems Inc.) were audited by other external auditors commissioned by it, instead of the Company's external auditors. The investment (losses) recognized according to the financial statements audited by other external auditors and based on the shareholdings were NT$(4,917) thousand and NT$(7,268) thousand.

C. Subsidiaries not included into the consolidated financial statements: N/A.

D. Different adjustment and treatment by subsidiaries in the accounting period: N/A.

E. Nature and scope of the important restrictions on enterprise's acquisition or use of the group's assets and solvency: N/A.

F. Subsidiaries over which the Group holds important non-controlling equity: N/A.

(4) Foreign currency

A. Foreign currency transactions

The foreign currency exchange shall be stated at the functional currency translated at the exchange rate prevailing on the date of transaction. The monetary items denominated in the foreign currency on the reporting date shall be stated at the functional currency translated at the exchange rate on the same day. The exchange gain or loss refers to the difference between the amounts upon adjustment of the valid interest, payment on the same period based on the amortized cost denominated in the functional currency, the amount translated from the amortized cost denominated in foreign currency at the exchange rate on the reporting date. The non-monetary items at fair value denominated in foreign currency shall be stated at the functional currency re-translated at the exchange rate prevailing on the same date of fair value measurement, while the non-monetary items at historical cost denominated in foreign currency shall be stated at the functional currency translated at the exchange rate on the date of transaction. Other than the foreign currency exchange difference generated from the translation of the application of IFRS 9 foreign currency items which in the process of applying the financial instrument accounting policies, financial liabilities designated as net investment hedge for foreign operations or qualified cash flow hedging, which shall be stated as other comprehensive income, any difference shall be stated as income.

B. Foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be translated into functional currency at the exchange rate prevailing on the reporting date. Unless in the case of inflation, the income and expense & loss items shall be translated into functional currency at the average exchange rate in the current period, and the exchange different generated therefore shall be stated as other comprehensive income.

When disposition of foreign operations results in loss of control, common control or any material effect, the accumulated exchange difference related to the foreign operations shall be reclassified into income in whole. If the disposition involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposition involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income on a pro rata basis.

If no repayment program is defined with respect to receivable or payable items of foreign operations denominated in currency and it is impossible to repay the same in the foreseeable future, the foreign currency exchange gain or loss generated therefore shall be held a part of the net investment in the foreign operations and stated as other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Current and non-current assets and liabilities

Assets which meet one of the following conditions shall be classified into current assets, and any assets other than the current assets shall be classified into noncurrent assets:

A. Assets expected to be realized, or intent to be sold or consumed, in the Company's normal operating cycle.
B. Assets primarily held for the purpose of trading.
C. Assets expected to be realized within 12 months after the date of the balance sheet.
D. Cash or cash equivalent, exclusive of the assets to be used for an exchange or to settle a liability, or otherwise remain restricted at more than 12 months after the date of the balance sheet.

Liabilities which meet one of the following conditions shall be classified into current liabilities, and any liabilities other than the current liabilities shall be classified into noncurrent liabilities:

A. Liabilities expected to be repaid in the Company's normal operating cycle.
B. Assets primarily held for the purpose of trading.
C. Assets expected to be discharged within 12 months after the date of the balance sheet.
D. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet. Terms of a liability that could, at the option of the counterpart, result in its settlement by the

issue of equity instruments do not affect its classification.

(6) Cash and cash equivalent

Cash or cash equivalent include cash on hand, demand deposits, and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The bank time deposits to initially expire within one year are intended to satisfy the short-term cash commitment instead of investment or others, which may be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and, therefore, are stated as cash or cash equivalent.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

Including financial assets at amortized cost and accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading-if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges, or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b)They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(14) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(15) Convertible bonds payable

Convertible bonds or issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group’s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.

B. The host contracts of bonds or are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortized in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(16) Derecognition of financial liabilities

A. A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

B. Where there has been a renegotiation or modification of the terms of an existing financial liability and resulted in an insignificant discrepancy which is less than ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.

C. Where there has been a substantial renegotiation or modification of the terms of an existing financial liability and resulted in a significant discrepancy which is at least ten percent of the estimated cash flows, the carrying amount of the liability is recalculated based on the modified cash flows discounted at the original effective interest rate. The gain or loss arising from the carrying amount after modification less the initial recognition of the financial liability is recognized in profit or loss.

(17) Inventory

The inventories shall be stated at the lower of cost and net realizable present value. The cost should include the costs of acquisition, production or processing or others incurred when the inventory is sellable or producible and at the location where the inventory is sellable or producible, and calculated under weighted average method. The costs of inventories for finished goods and work in process include the manufacturing expenses amortized based on the normal productivity on a pro rata basis.

Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs under the normal operation.

(18) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and stop arranging the depreciation.

(19) Investment accounted for using equity method/associates

An affiliate means an entity in which the Group has major influence over the financial and operating policies but has no control over the same. The Group will be assumed having major influence when it holds 20%~50% of the voting right in the investee.

Under the equity method, the investment is stated at cost at time of acquisition initially. The investment includes trading cost. The book value of investment in affiliates includes the goodwill identified at the time of initial investment less any accumulated impairment loss.

The consolidated financial statements shall include the income from the invested affiliates recognized subject to the shareholdings and other comprehensive income upon adjustment made in line with the Group’s accounting policy, from the date when the Group has major influence until the date when the Group loses the major influence.

The unrealized gains from transactions between the Group and affiliates have been derecognized from the Group's equity in the investees. The unrealized loss shall be derecognized in the same manner applicable to unrealized gains; provided that the unrealized loss is limited to that arises under no impairment evidence is available.

When the Group’s share of loss from any affiliate to be recognized on a pro rata basis is equivalent to or more than its equity in the affiliate, it shall stop recognizing the loss, but shall recognize the additional loss and relevant liabilities only when legal obligation or constructive obligation is incurred or the Group makes payment on behalf of the investee.

Where the Group forfeits its material influence over an affiliate when the Group disposes of the affiliate, the capital surplus related to the affiliate will be stated as income, provided that where it still has material influence over the affiliate, the capital surplus shall be stated as income based on the proportion of disposition.

(20) Property, plant and equipment

A. Recognition and measurement

Property, plant and equipment shall be recognized and measured using a cost model, and measured at the cost less accumulated depreciation and accumulated impairment. The costs include the expenses directly attributable to the acquisition of assets. The costs of self-built assets include the costs of raw materials and direct labor, any other costs directly attributable to usable status of investment assets, costs of dismantling and removal of the items and recovery of premises, and loan cost that meets the requisite asset capitalization. Meanwhile, the costs also include the purchase of property, plant and equipment denominated in foreign currency.

When property, plant and equipment consist of various components, and the total cost for the item is significant and it is advisable to apply different depreciation ratio or methods, the property, plant and equipment should be treated separately (for major components).

The gain or loss on disposal of property, plant and equipment shall be decided based on the price difference between the book value of property, plant and equipment and proceeds on disposal of the same and recognized as the “other gains and losses” in the income statement on a net basis.

B. After cost

If the future economic effect expected to be generated from the after expenses of property, plant and equipment is very likely to flow into the Group and the amount thereof may be measured, the expenses shall be stated as a part of the book value and the relocated book value should be derecognized. The routine maintenance and repairs of property, plant and equipment shall be stated as income when incurred.

C. Depreciation

The depreciation shall be calculated at the cost of assets less residual value using the straight-line method over the estimated useful years, and evaluated based on the various major components of the assets. If the useful years for any component are different from those of other components, the component shall be depreciated separately. The depreciation shall be stated as income.

No depreciation of land is required.

The estimated useful years in the current period and comparative period are stated as follows:

Item	Useful years
House and building	
Plant and dormitory	20-50
Clean room	18-20
Electrical and mechanical facilities	5-20
Others	1-20
Machine and equipment	1-10
Transportation equipment	4-5
Furniture and fixtures	2-10
Research equipment	1-6
Other equipments	2-7

D. Depreciation, useful years and residual value shall be reviewed at the end of each fiscal year. If the expected value is different from the previous estimate, adjustment should be made if necessary, and the changes shall be treated as changes in accounting estimates.

(21) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(22) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d)An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(23) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(24) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Internally generated intangible assets—research and development expenses

(a) Research expenditures are recognized as an expense as incurred.

(b) Development expenditures that do not meet the following criteria are recognized as expenses as incurred, but are recognised as intangible assets when the following criteria are met:

ⒶIt is technically feasible to complete the intangible asset so that it will be available for use or sale;

ⒷAn entity intends to complete the intangible asset and use or sell it;

ⒸAn entity has the ability to use or sell the intangible asset;

ⒹIt can be demonstrated how the intangible asset will generate probable future economic benefits;

Ⓔ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; And

ⒻThe expenditure attributable to the intangible asset during its development can be reliably measured.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

D. Patent

Separately acquired patent are stated at historical cost. Patent acquired in a business combination are recognized at fair value at the acquisition date. Patent has a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 11 years.

E. Other intangible assets

Separately acquired other intangible assets are stated at historical cost. Other intangible assets are intangible asset from lease and client base acquired in a business combination are recognized at fair value at the acquisition date. Considering to its economic time and should be amortized on a straight-line basis over its economic time of 4-8 years.

(25) Impairment on non-financial assets

A. The Group will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss would be recognized if the recoverable amount falls below the asset's face value. The recoverable amount means the higher of fair value of one asset less its disposition cost, or its useful value. Impairment loss recognized in previous years on assets other than goodwill may be reversed if the basis of impairment no longer existed or is reduced. Notwithstanding, the increase in book value of the asset resulting from the reversal must not exceed the face value of the asset less depreciation or amortization without impairment.

B. The recoverable amount of goodwill, intangible assets with indefinite useful years and intangible assets not available for use shall be estimated periodically. Impairment loss would be recognized if the recoverable amount falls below the face value. The impairment loss on goodwill shall not be reversed in following years.

C. Goodwill shall be amortized to cash generation unit for the purpose of testing impairment. The amortization is identified by operations to amortize goodwill into cash generation unit or cash generation unit group expected to benefit from the merger of businesses generating the goodwill.

(26) <u>Reserve for liabilities</u>

The reserve for liabilities shall be recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Group's reserve for liabilities for warranty shall be recognized when the goods or services are sold. The reserve for liabilities shall be measured under weighted method based on the historical warranty information and potential results subject to the relevant possibility.

(27) <u>Treasury stock</u>

The issued stock recalled by the Group is stated based on the consideration paid for repurchase (including direct vested cost), recognized as "treasury stock" at the net after tax and presented as a deduction from equity. Where the gain on disposal of treasury stock is higher than the book value, the difference shall be credited under the title “additional paid-in capital-transaction of treasury stock”. Where the gain is lower than the book value, the difference is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. The book value thereof is calculated based on the weighted average method according to the type of stock (common stock or special shares) and causes for the withdrawal.

Cancellation of treasury stock shall be credited under the title “treasury stock”, and debited as “additional paid-in capital-stock premium” and “capital stock”. Where the book value of treasury stock is higher than the total of the book value and stock premium, the balance is offset against the additional paid-in capital generated from the transactions of treasury stock under the same type. Any deficits thereof shall be debited as retained earnings. Where the book value of treasury stock is lower than the total of the book value and stock premium, the difference should be credited as the additional paid-in capital generated from the transactions of treasury stock under the same type.

(28) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells a range of semi-conductor production process and testing equipments in the market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. The sales usually are made with a credit term of 60-210 days after inspection. The term is consistent with market practice, therefore determining that the contract does not include a significant financing component.

(b) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

(c) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Labor service

The Group provides semi-conductor production process and testing equipments proxy services. Revenue from providing services is recognized in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

C. Financing components

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

D. Incremental costs of obtaining a contract

The Group recognizes an asset (shown as 'Prepayments ') the incremental costs (mainly comprised of sales commissions) of obtaining a contract with a customer if the Group expects to recover those costs. The recognized asset is amortized on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates. The Group recognizes an impairment loss to the extent that the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive less the costs that have not been recognized as expenses.

(29) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(30) Government subsidies

The government subsidies shall be stated at fair value when it is reasonable to ensure that an enterprise will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Group, the government subsidies shall be stated as the current income on a systematic basis when the related expenses are incurred.

(31) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at non-discounted amount expected to be paid, and stated as expenses when the relevant services are provided.

B. Pension

(a) Defined contribution plan

Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. The prepaid contribution may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(b) Defined benefit plan

Ⓐ The net obligation under the defined benefit pension plan is converted to the present value based on the future benefit earned from the services provided by the employees under various benefit plans in the current period or in the past, and the present value of defined benefit obligations on the balance sheet date less the fair value of the planned assets. An actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate shall be based on the market yield rate of corporate bonds of high credit standing that have the same currency exposure and maturity date as the obligations on the balance sheet date, but the market yield rate of government bonds (on the balance sheet date) shall apply in the country where no market of corporate bonds of high credit standing is available.

Ⓑ The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

Ⓒ The expenses related to the service cost in the previous period shall be recognized as income immediately.

Ⓓ The interim pension cost applied the pension cost ratio decided upon actuation at the end of the previous fiscal year, and was calculated from the beginning of year until the end of the current period. In the case of material changes in market and material reduction, repayment or other important event at the end, it shall be adjusted and related information shall be disclosed pursuant to said policies.

C. Resignation benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group will not state the benefits as expenses until the offer of benefits cannot be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(32) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(33) Income tax

A. The tax expenses for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

G. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(34) Business combination

A. The Group adopts the acquisition method to proceed with business combination. The consideration for combination is calculated at the fair value of the assets to be transferred or liabilities to be derived or borne and the equity instruments to be issued. The consideration for the transfer includes the fair value of any assets and liabilities generated from the contingent consideration agreement. The cost related to acquisition is stated as expense when it is incurred. The identifiable assets and liabilities acquired from the business combination shall be measured at the fair value on the day of acquisition. Based on individual acquisition transaction, the elements of non-controlling equity which refer to the current ownership, of which the holder is entitled to the business's net assets on a pro rata basis at the time of liquidation may choose to measure the fair value based on the fair value on the date of acquisition or subject to proportion of non-controlling equity in the acquired identifiable net assets. The other elements of non-controlling equity shall be measured at the fair value on the date of acquisition.

B. Goodwill arises when the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held exceeds the fair value of identifiable assets and liabilities. The price difference shall be stated as income on the date of acquisition if the fair value of identifiable assets and liabilities as acquired exceeds the transfer consideration, non-controlling equity of the acquiree, and the total fair value of the acquiree's equity already held.

(35) EPS

The Group will enumerate the basic and diluted EPS vested in the Company's common stock holders. The Group’s EPS is calculated based on the income vested in the Company's common stock holders dividing by the number of shares of the weighted average outstanding common stock. The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the number of shares of the weighted average outstanding common stock. The Group's potential diluted common stock includes the stock options granted to employees.

(36) Information by department

The Group consists of various members including the operations engaged in operating activities likely to earn revenue and incur expense (including the revenue and expense from the transactions with the other members within the Group). The operating results of all operations are rechecked by the Group's operating decision maker periodically for making of the decision to allocate resources to each operation and evaluation of each operation's performance. Each operation's financial information is independent from that of the others.

5. Significant accounting judgments, estimations, and major sources of hypotheses of uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

A. Critical judgements in applying the Group’s accounting policies

Revenue recognition on a net/gross basis

(1) The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

(2) Indicators that the Group controls the good or service before it is provided to a customer include the following:

(a) The Group is primarily responsible for the provision of goods or services;

(b) The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

(c) The Group has discretion in establishing prices for the goods or services.

B. Critical accounting estimates and assumptions

(1) Allowance for uncollectible of receivable accounts

The Group evaluates and estimates the collectible receivable accounts and allowance for uncollectible accounts according to the loan quality and collection of debt from customers and based on the past experience in collecting allowance for uncollectible accounts. If some event or change resulting in failure to collect the debt shows, it is necessary to estimate the allowance for uncollectible accounts. If the projected collected cash is different from the estimation, the difference will affect the book value of receivable accounts and e xpected credit loss in the year in which the estimation is changed. As of December 31, 2023, the book value of receivable accounts has been NT$1,337,854 thousand (exclusive of the allowance for uncollectible accounts, NT$23,657 thousand).

(2) Evaluation of inventory

The inventories shall be stated at the lower of cost and net realizable present value. Therefore, the Group has to decide the net realizable present value of the inventory on the balance sheet date based on judgment and estimation. Due to the rapid transformation of technology, the Group evaluates the value of inventories after excluding the torn and worn, out-of-fashion or unmarketable ones on the balance sheet date, and offset the cost of inventories against net realizable value. As of December 31, 2023 the book value of the Group's inventories has been NT$2,752,384 thousand (exclusive of the allowance for inventory devaluation and obsolescence loss, NT$572,241 thousand).

(3) Realizability of deferred income tax assets

Deferred income tax assets shall be recognized only when it is very likely that there will be sufficient taxable income afford to deduct temporary difference. To evaluate the realizability of deferred income tax assets, the management has to exert judgment and estimation, including the hypotheses about expectation toward growth and profit rate of future sale revenue, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets. As of December 31, 2023, the deferred income tax assets recognized by the Group have been NT$163,430 thousand.

(4) Recognition of revenue

In principle, sale revenue is recognized at the time the earning process. The related reserve for liabilities is provided based on the estimated after-sale warranty cost potentially incurred due to historical experience and other known causes, and stated as the sale cost in the period in which the product is sold. The reasonableness of estimation is also reviewed periodically. As of December 31, 2023, the reserve for liabilities recognized by the Group have been NT$19,410 thousand.

(5) Calculation of net defined benefit liability

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. As of December 31, 2023, the carrying amount of net defined benefit liabilities was NT$26,132 thousand.

(6) Impairment assessment of goodwill

The Group assesses impairment of goodwill based on subjective judgment which includes identifying allocating assets, liabilities and goodwill to related cash-generating units to determine recoverable amounts of this unit. Please refer to Note 6(10) for the information of goodwill impairment. As of December 31, 2023, the goodwill of the Group amounted to NT$219,385 thousand.

6. Notes to Major Accounting Titles

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 4,561	$ 3,982
Cash in banks:		
Checking deposits	10	10
Demand deposits	1,966,210	1,501,551
Time deposits	608,535	876,772
Total	$ 2,579,316	$ 2,382,315

The bank deposits provided by the Group as specific or restricted use have been re-stated as other current assets and other non-current assets. Please see Note 8.

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

	December 31, 2023	December 31, 2022
Current items:	$ —	$ —
Non-current items:		
Equity instrument		

Stock in domestic listed company through private placement		
-Spriox Corporation	168,000	168,000
Domestic innovation board common stock		
-PlayNitride Inc.	51,192	51,192
Valuation adjustment	54,010	(24,166)
Total	$ 273,202	$ 195,026

A. The Group has passed the acquisition of common stock of Spriox Corporation 7,000 thousand shares through private placement by the Board of Directors meeting in November 25, 2021. The consideration of acquisition is NT$168,000 thousand.

B. The Group has passed the acquisition of common stock of PlayNitride Inc. 474 thousand shares in August, 2022. The consideration of acquisition is NT$51,192 thousand.

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

The purpose that the Group invests in the equity instruments is for long-term strategies, but rather for trading purpose. Therefore, those equity instruments are designated as financial assets at fair value through other comprehensive income.

D. The amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2023	**2022**
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 78,176	$ (22,626)

E. As of December 31, 2023, and December 31, 2022, financial assets at fair value through other comprehensive income were not pledged as collateral.

F. Information relating to risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(3) Notes receivable, net

	December 31, 2023	**December 31, 2022**
Notes receivable	$ 161,949	$ 66,549
Less: Allowance for uncollectible accounts	—	—
Notes receivable, net	$ 161,949	$ 66,549

A. The Group's receivable notes were issued for business and never been provided as collateral.

B. The ageing analysis of notes receivable is stated as follows:

	December 31, 2023		December 31, 2022	
	Total	Impairment	Total	Impairment
Neither past due nor impaired	$ 161,949	$ —	$ 66,549	$ —
Overdue for 1~90 days	—	—	—	—
Overdue for 91 to 180 days	—	—	—	—
Overdue for 181 to 360 days	—	—	—	—
Overdue for 1~2 years	—	—	—	—
Overdue for more than 2 years	—	—	—	—
Total	$ 161,949	$ —	$ 66,549	$ —

The above ageing analysis was based on account day.

C. As of December 31, 2023and December 31, 2022 notes receivable were all from contracts with customers.

(4) Accounts receivable, net

	December 31, 2023	December 31, 2022
Accounts receivable	$ 1,199,562	$ 1,076,347
Less: Allowance for uncollectible accounts	(23,657)	(19,531)
Accounts receivable, net	$ 1,175,905	$ 1,056,816

	December 31, 2023	December 31, 2022
Overdue receivable (stated as other non-current assets)	$ —	$ 1,044
Less: Allowance for uncollectible accounts	—	(1,044)
Overdue receivable, net	$ —	$ —

A. The Group's receivable accounts were incurred for business and never been provided as collateral.

B. For the information about the changes of allowance for uncollectible accounts provided for the impairment on receivable accounts and account age analysis on loans (for the disclosure of credit risk, please see Note 12(2)):

	Group provision	Individual provision	Total
At January 1,2023	$ 19,570	$ 1,005	$ 20,575
Provision for impairment	4,254	—	4,254
Reversal of impairment	—	—	—
Write-offs during the period	—	(1,005)	(1,005)
Reclassify to disposal group held for sale	(75)	—	(75)
Unwinding of discount and premium	(92)	—	(92)
At December 31, 2023	$ 23,657	$ —	$ 23,657
At January 1,2022	$ 18,484	$ 1,058	$ 19,542
Provision for impairment	1,573	—	1,573
Reversal of impairment	—	—	—
Write-offs during the period	(1,302)	(53)	(1,355)
Unwinding of discount and premium	815	—	815
At December 31, 2022	$ 19,570	$ 1,005	$ 20,575

C. The ageing analysis of accounts receivable is stated as follows:

	December 31, 2023		December 31, 2022	
	Total	Impairment	Total	Impairment
Neither past due nor impaired	$ 1,001,871	$ —	$ 837,606	$ —
Overdue for 1~90 days	135,295	9,471	210,905	14,763
Overdue for 91~180 days	41,643	6,246	23,223	3,483
Overdue for 181~360 days	9,745	2,436	4,090	1,023
Overdue for 1~2 years	11,008	5,504	523	262
Overdue for more than 2 years	—	—	1,044	1,044
Total	$ 1,199,562	$ 23,657	$ 1,077,391	$ 20,575

The above ageing analysis was based on past due date.

D. As of December 31, 2023 and December 31, 2022, accounts receivable were all from contracts with customers.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw material	$ 911,558	$ (349,968)	$ 561,590
Supplies	209,086	(66,482)	142,604
Work in progress	476,628	(12,814)	463,814
Semi-finished goods	479,887	(119,925)	359,962
Finished goods	1,133,453	(16,758)	1,116,695
Commodity	79,345	(6,294)	73,051
Materials and supplies in transit	34,668	—	34,668
Inventory, net	$ 3,324,625	$ (572,241)	$ 2,752,384

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw material	$ 871,668	$ (317,514)	$ 554,154
Supplies	186,172	(55,020)	131,152
Work in progress	605,857	(15,014)	590,843
Semi-finished goods	494,497	(108,864)	385,633
Finished goods	988,449	(11,921)	976,528
Commodity	100,139	(6,733)	93,406
Materials and supplies in transit	15,683	—	15,683
Inventory, net	$ 3,262,465	$ (515,066)	$ 2,747,399

A. Expenses and losses related to inventory recognized in the current period:

	2023	2022
Cost of inventories sold	$ 4,078,266	$ 3,769,324
Loss on market price decline inventories (gain from price recovery)	57,263	122,435
Loss on obsolescence of inventory	20,997	31,719

Other operating costs- employees' bonus	83,179	76,585
Estimated warranty liabilities	10,432	6,157
Exchange difference, net	(88)	(672)
Operating Cost	$ 4,250,049	$ 4,005,548

B. As of December 31, 2023 and 2022, inventories of the Group were not pledged as collateral.

(6) Non-current assets held for sale and disposal group

A. Discontinued operations

For the market situation and business strategy adjustment, the Group has passed the disposal of total share capital of the 80% ownership subsidiary – Megtas Co., Ltd. and BH equipment, by the Board of Directors meeting in May 11, 2023. Due to the expected selling price was higher than the carrying amount of the related net assets, there was no impairment loss when the units classified as held for sale. Until the date of the accountant's report, the related assets and liabilities was classified as held for sale as the disposal has not completed. The Group considered Megtas Co., Ltd. as a single significant cash-generating unit, and classified the cash-generating unit as discontinued operation. For the presentation of the consolidated statements of comprehensive income for year ended December 31, 2023, the Company restated the items of profit and loss for year ended December 31, 2022 in order to enhance the relevance of the year-over-year information.

The profit or loss of the discontinued operation-subsidiary-MEGTAS CO., LTD. were as follows:

	2023	2022
Sales revenue	$ 27,201	$ 27,245
Operating costs	(27,986)	(25,547)
Gross profit (losses)	(785)	1,698
Selling expenses	(1,028)	(1,068)
General & administrative expenses	(7,132)	(8,007)
Expected credit (losses)gains	(38)	87
Operating income (losses)	(8,983)	(7,290)
Interest income	105	220
Other non-operating revenue	19	59
Other gains and losses, net	(50)	1,949
Finance costs	(64)	(58)
Income before income tax	(8,973)	(5,120)
Income tax expense	—	—
Gain (losses) on discontinued operations	$ (8,973)	$ (5,120)

There was no income tax gain of losses generated by the gain (losses) on discontinued operations.

C. Disposal group held for sale

		December 31, 2023
Subsidiary- MEGTAS CO.,LTD.		
Cash and cash equivalents	$	5,408
Accounts receivable		6,282
Inventories		19,012
Other receivables		683
Prepayments		—
Property, plant and equipment		1,201
Right-of-use assets		2,358
Other noncurrent assets		476
The Company		
Property, plant and equipment		6,708
Total assets directly related to disposal group held for sale	$	42,128
Subsidiary - MEGTAS CO.,LTD.		
Accounts payable	$	(117)
Other payables		(632)
Lease liabilities		(2,379)
Other current liabilities		(2,032)
Total liabilities directly related to disposal group held for sale	$	(5,160)
Subsidiary - MEGTAS CO.,LTD.		
Foreign currency translation adjustments	$	(4,954)
Total equity directly related to disposal group held for sale	$	(4,954)

(7) Property, plant and equipment

A. The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

B. The Group signed the contract with the non-related party about the equipment construction of HuKou factory, in April 2022. The total contract amount was NT$136,640 thousand, and various projects which recognized to “House and Building” have been accepted after completion.

C. In June 2023, the Group purchase the land adjoined to Xinpu factory from an unrelated party for NT$7,680 thousand. The transfer of land rights registration was completed in June 2023. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of CHEN, SZU-KUEI, and the related party who signed an agreement with the Company. As stipulated in the agreement, the related party will fully cooperate with the Company to transfer the agricultural land right to the Company or a specific person in the future free of charge. The agricultural land has been mortgaged to the Company with a maximum limit of NT$4,470 thousand.

D. Guarantee

For details about the secured bank loan and facility as for December 31, 2023 and 2022, please see Note 8.

E. For the capitalized interest, please see Note 6(20) B Financial cost.

	Land	House and building	Machine and equipment	Transportation equipment	Furniture and fixtures	Research equipment	Other equipment	Construction in progress	Total
Cost:									
At January 1, 2023	$ 770,963	$ 2,432,333	$ 1,755,048	$ 1,806	$ 84,497	$ 513,394	$ 47,081	$ 113,457	$ 5,718,579
Additions	-	46,834	84,333	727	34,818	24,282	597	40,921	232,512
Disposals	-	-	(292,855)	-	(19,825)	(212,157)	(406)	-	(525,243)
Transfer	7,698	37,401	106,591	-	18,378	15,998	(6,978)	(127,737)	51,351
Reclassify to disposal group held for sale	-	-	(18,002)	-	(2,534)	-	(7,273)	-	(27,809)
Effect of movements in exchange rate	-	(363)	(9,983)	(24)	(124)	2	(473)	-	(10,965)
At December 31, 2023	$ 778,661	$ 2,516,205	$ 1,625,132	$ 2,509	$ 115,210	$ 341,519	$ 32,548	$ 26,641	$ 5,438,425
Cost:									
At January 1, 2022	$ 770,963	$ 2,429,395	$ 1,935,903	$ 1,779	$ 78,539	$ 616,774	$ 50,115	$ 18,181	$ 5,901,649
Additions	-	685	72,590	-	18,236	15,600	2,556	116,575	226,242
Disposals	-	(18,040)	(324,354)	-	(13,653)	(129,798)	(7,079)	-	(492,924)
Transfer	-	19,885	50,316	-	481	10,432	-	(21,299)	59,815
Effect of movements in exchange rate	-	408	20,593	27	894	386	1,489	-	23,797
At December 31, 2022	$ 770,963	$ 2,432,333	$ 1,755,048	$ 1,806	$ 84,497	$ 513,394	$ 47,081	$ 113,457	$ 5,718,579
Accumulated depreciation and impairment：									
At January 1, 2023	$ -	$ 634,858	$ 1,197,727	$ 1,157	$ 50,230	$ 366,973	$ 40,202	$ -	$ 2,291,147
Additions	-	100,362	176,028	405	17,469	57,834	1,554	-	353,652
Disposals	-	-	(286,117)	-	(19,805)	(212,157)	(399)	-	(518,478)
Transfer	-	(28,825)	(22,806)	-	13,849	-	(5,479)	-	(43,261)
Reclassify to disposal group held for sale	-	-	(16,863)	-	(2,448)	-	(7,273)	-	(26,584)
Effect of movements in exchange rate	-	(114)	(8,197)	(18)	(103)	-	(433)	-	(8,865)
At December 31, 2023	$ -	$ 706,281	$ 1,039,772	$ 1,544	$ 59,192	$ 212,650	$ 28,172	$ -	$ 2,047,611
Accumulated depreciation and impairment：									
At January 1, 2022	$ -	$ 553,506	$ 1,303,795	$ 800	$ 49,150	$ 418,146	$ 43,793	$ -	$ 2,369,190
Additions	-	89,857	198,047	342	13,904	77,183	1,970	-	381,303
Disposals	-	(8,614)	(314,657)	-	(13,651)	(128,356)	(6,811)	-	(472,089)
Transfer	-	-	(4,218)	-	-	-	-	-	(4,218)
Effect of movements in exchange rate	-	109	14,760	15	827	-	1,250	-	16,961
At December 31, 2022	$ -	$ 634,858	$ 1,197,727	$ 1,157	$ 50,230	$ 366,973	$ 40,202	$ -	$ 2,291,147
Book value									
At December 31, 2023	$ 778,661	$ 1,809,924	$ 585,360	$ 965	$ 56,018	$ 128,869	$ 4,376	$ 26,641	$ 3,390,814
At December 31, 2022	$ 770,963	$ 1,797,475	$ 557,321	$ 649	$ 34,267	$ 146,421	$ 6,879	$ 113,457	$ 3,427,432

(8) Right-of-use assets and Lease liabilities

A. Leasing arrangements－lessee

(c) The Group leases various assets including land, buildings, machine and equipment, and business vehicles. Rental contracts are typically made for periods within 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

(d) The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	Jan 1~Dec 31, 2023	December 31, 2022	Jan 1~Dec 31, 2022
	Book value	Depreciation	Book value	Depreciation
Land	$ 9,441	$ 8,436	$ 17,923	$ 8,542
Buildings	75,705	46,507	102,398	44,725
Machine and equipment	35,798	18,020	—	—
Transportation (Business vehicles)	67,042	33,924	64,515	31,225
Total	$ 187,986	$ 106,887	$ 184,836	$ 84,492

(c) For the 2023 and 2022, the additions to right-of-use assets were NT$114,849 thousand and NT$162,606 thousand respectively.

(d)The information on income and expense accounts relating to lease contracts is as follows:

	Jan 1~Dec 31, 2023	Jan 1~Dec 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 6,283	$ 3,883
Expense on short-term lease contracts	$ 4,238	$ 3,737
Gains(losses) on lease modification	$ 83	$ 419

(e) For the 2023 and 2022, the Group's total cash outflow for leases were NT$110,566 thousand and NT$86,895 thousand respectively.

(f) The Group adopts the practical expedient of "Covid-19-related rent concessions", and recognized the profit of changes in lease payments as other gains resulting from the rent concessions for the 2023 and 2022 are NT$0 thousand and NT$138 thousand.

B. Lease liabilities

	December 31,2023	December 31,2022
Current	$ 87,253	$ 70,387
Noncurrent	105,532	116,740
Total	$ 192,785	$ 187,127

(a) Please refer to Note 6(20) B. for the interest expense of lease liabilities.

(b) The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range are 1.15%~4.59% and 1.38%~4.5%

for the 2023 and 2022.

C. Leasing arrangements – lessor

(a) The Group leases various assets including machine and equipment, part of office buildings and plant. Rental contracts are typically made for periods within 6 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

(b) For the 2023 and 2022, the Group recognized rent income in the amount of NT$33,057 thousand and NT$16,356 thousand respectively, based on the operating lease agreement, which does not include variable lease payments.

(9) Investment properties

A. The cost, depreciation, and impairment of the investment properties of the Group were as follows:

	2023		
	Land	**House and building**	**Total**
At January 1			
Cost	$ —	$ —	$ —
Accumulated depreciation and impairment	—	—	—
	$ —	$ —	$ —
At January 1	$ —	$ —	$ —
Additions	734,140	79,969	814,109
Transfer	—	61,512	61,512
Depreciation expenses	—	(1,358)	(1,358)
At December 31	$ 734,140	$ 140,123	$ 874,263
At December 31			
Cost	$ 734,140	$ 170,305	$ 904,445
Accumulated depreciation and impairment	—	(30,182)	(30,182)
	$ 734,140	$ 140,123	$ 874,263

	2022		
	Land	House and building	Total
At January 1			
Cost	$ —	$ —	$ —
Accumulated depreciation and impairment	—	—	—
	$ —	$ —	$ —
At January 1	$ —	$ —	$ —
Depreciation expenses	—	—	—
At December 31	$ —	$ —	$ —
At December 31			
Cost	$ —	$ —	$ —
Accumulated depreciation and impairment	—	—	—
	$ —	$ —	$ —

B. In April 2023, the Group purchase the land and building located in Zhongxing section, Hukou Township, Hsinchu County from an unrelated party for NT$814,109 thousand including the necessary cost. The transfer of rights registration was completed in June 2023. The land and building were leased to unrelated party after the acquisition. The rental period was from June 21, 2023 to March 31, 2025. The land and building was recognized as investment properties and measured subsequently using cost model.

C. For details about the investment properties pledged as collateral, please see Note 8.

(10) <u>Intangible assets</u>

The costs, amortization, and the impairment loss of intangible assets of the Group as of and for the ended of December 31, 2023 and 2022 were as follows:

2023	Computer software	Goodwill	Patent	Others	Total
January 1, 2023	$ 36,156	$ 219,551	$ 22,469	$ 9,616	$ 287,792
Additions - acquired separately	57,234	—	—	—	57,234
Reclassification	—	—	—	—	—
Amortization expenses	(44,075)	—	(2,318)	(2,090)	(48,483)
Impairment	—	—	—	—	—
Exchange difference, net	(7)	(166)	(16)	(6)	(195)
December 31, 2023	$ 49,308	$ 219,385	$ 20,135	$ 7,520	$ 296,348

	Computer	Goodwill	Patent	Others	Total

2022	software				
January 1, 2022	$ 22,902	$ 197,778	$ 22,329	$ 10,546	$ 253,555
Additions - acquired separately	48,933	—	—	—	48,933
Reclassification	—	—	—	—	—
Amortization expenses	(35,915)	—	(2,203)	(1,987)	(40,105)
Impairment	—	—	—	—	—
Exchange difference, net	236	21,773	2,343	1,057	25,409
December 31, 2022	$ 36,156	$ 219,551	$ 22,469	$ 9,616	$ 287,792

	Goodwill	
	December 31, 2023	**December 31, 2022**
Goodwill-Celadon	$ 219,385	$ 219,551
Goodwill-Allstron	45,533	45,533
Accumulated impairment - Allstron	(45,533)	(45,533)
Net book value	$ 219,385	$ 219,551

A.Recognized amortization and impairment

The amortization expenses for intangible assets and other deferred expenses (stated as other non-current assets) 2023 and 2022, respectively, were stated as the following items in the comprehensive income statement:

	2023	**2022**
Operating cost	$ 15,711	$ 15,196
Operating expense	58,893	44,258
Total amortization expenses	$ 74,604	$ 59,454

B. R&D expenditure

In FY2023 and FY2022, the R&D spending deriving from intangible assets internally developed amounted to NT$830,188 thousand and NT$747,551 thousand, respectively, recognized under the title of “Operating expenses – R&D expenses” in the comprehensive income statement.

C. Goodwill Impairment - Allstron

Upon the discussion of the management and report to the Board of Directors in 2016, the Group has, according to the forecasted cash flow of the subsidiary of the Group – Allstron Probing Solution, recognized the difference between the investment cost of the original investment day and the net equity value in the goodwill impairment loss with a value of NT$45,533 thousand on December 2016.

D. Goodwill Impairment Evaluation - Celadon

The Group acquired Celadon Systems, Inc. which generated goodwill of NT$198,424 thousand. Impairment assessment of goodwill is allocated to the Celadon’s CGU. The recoverable amount of the CGU relating to the goodwill arising from acquisition of Celadon was determined based on value-in-use calculation. The calculation uses projected cash flows and owner-specific synergies based on financial budgets for the next five-year period.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. Cash flows and owner-specific synergies beyond the five-year period are extrapolated using the estimated growth rates. As of December 31, 2023, discount rate is 14.18%~17.13%.

Based on previous assessment, there is no impairment loss on goodwill as of December 31, 2023.

E. Please refer Note 6(23) for details of the mergers and acquisitions.

(11) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for equipment	$ 163,980	$ 100,405
Refundable deposit	111,745	94,235
Deferred Charges	60,845	44,026
Other financial assets-non-current	13,133	13,246
Total	$ 349,703	$ 251,912

A. About the refundable deposit as follows:

Some of the former employees of the group were being prosecuted for stealing the trade secret of the group to WinWay Technology Co., Ltd. They were prosecuted by the Hsinchu District Prosecutors Office and the criminal justices were currently judged by Taiwan Hsinchu District Court.

The group was asking for civil compensation from the defendants. For the case, the group applied for provisional seizure and deposited the guarantee amount of NT$69,090 thousand to Intellectual Property and Commercial Court and Taiwan Hsinchu District Court. After the preliminary investigation, there were still a large number of exhibits waiting for identification. The civil justices were currently judged by Taiwan High Court and the Supreme Court.

The above cases have no significant impact on the group’s financial condition and operating result. On the position of protecting fair competition and intellectual property rights, the group had engaged the attorney to prosecute the civil and criminal legal liability.

As of December 31, 2023 and December 31, 2022, the Group has deposited the guarantee of processing fee NT$69,090 thousand and NT$69,090 thousand.

B. The costs, amortization, and the impairment loss of Deferred Charges of the Group as of and for the ended of December 31, 2023 and 2022 were as follows:

	Deferred Charges			Deferred Charges	
January 1, 2023	$	44,026	**January 1, 2022**	$	32,356
Addition		43,705	Addition		29,922
Reclassification		–	Reclassification		–
Amortization expenses		(26,121)	Amortization expenses		(19,349)
Transfer		(715)	Transfer		1,050
Impairment		–	Impairment		–
Exchange difference, net		(50)	Exchange difference, net		47
December 31, 2023	$	60,845	**December 31, 2022**	$	44,026

C. The other non-current financial assets are mainly restricted bank deposits and repatriated offshore fund. Please refer to Note 8 for details of the pledge and guarantee.

(12) Short-term loan

	December 31, 2023			December 31, 2022		
Nature	Amounts		Interest rates	Amounts		Interest rates
Credit loan	$	–	–	$	–	–
Secured borrowings		–	–		–	–
Total	$	–		$	–	

A. For the information about exposure of the Group's interest rate and liquidity risks, please refer to Note 12(2).

B. Pledged assets for bank loan

For bank loans secured by the Group’s assets, please refer to Note 8.

(13) Other accounts payable

	December 31, 2023		December 31, 2022	
Expenses payable	$	954,050	$	840,589
Employees' remuneration payable		142,953		132,100
Short-term employee benefits		20,279		73,071
Others (less than 5%)		55,111		49,792
Total	$	1,172,393	$	1,095,552

(14) Reserve for liabilities

	Warranty			Warranty
At January 1, 2023	$ 14,013		At January 1, 2022	$ 14,639
Increase (decrease)	5,397		Increase (decrease)	(626)
At December 31, 2023	$ 19,410		At December 31, 2022	$ 14,013
Current	$ 17,662		Current	$ 12,696
Non-current	1,748		Non-current	1,317
At December 31, 2023	$ 19,410		At December 31, 2022	$ 14,013

The Group's reserve for warranty and liabilities in 2023 and 2022 was primarily related to the sale of semi-conductor production process and testing equipments. The reserve for warranty and liabilities was estimated based on the historical warranty information.

(15) Corporate bonds-payable

	December 31, 2023	December 31, 2022
4th domestic unsecured convertible bonds	$ —	$ 1,000,000
Bonds transferred to common stock	—	(963,300)
Less：Convertible corporate bonds repayment due	—	—
Less：Buy back from open market	—	(36,700)
Less：Discount of bonds payable	—	—
Corporate bonds-payable, net	$ —	$ —
Current	$ —	$ —
Non-current	—	—
Total	$ —	$ —
Embedded derivative-Financial (Assets) liability	$ —	$ —
Equity element	$ —	$ —

A. In order to repayment of bank loan, the Company issued 4th domestic unsecured convertible corporate bonds upon resolution of the board of directors on May 7, 2018, and upon approval of FSC via its approval letter under Ching-Kuan-Chen-Fa-Tze No. 1070325999 dated July 26, 2018. The issuance conditions are stated as following:

(a) Total issued amount: The Company issued NT$1,000,000 thousand of convertible bonds, each bond had a face value of NT$100 thousand; issued at 100.1% of the face value, a total of 10 thousand copies were issued.

(b) Duration: 5 years (August 15, 2018~ August 15, 2023)

(c) Coupon rate: 0%

(d) Duration: The day following expiration of three month after the date of issuance (November 16, 2018) until the expiry date (August 15, 2023).

(e) Conversion price and adjustment thereof:

Ⓐ The conversion price at the time of issuance shall be NT$71.50 per share.

Ⓑ In the case of changes in shares of common stock (e.g. capital increase in cash, recapitalization of earnings and recapitalization from capital surplus, et al.); the conversion price shall be adjusted relatively.

Ⓒ The Company's board of directors resolved on August 7, 2019 to authorize the Chairman to issue 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of September 10, 2019, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$69.2 per share.

Ⓓ The Company's board of directors reported on July 10, 2020 about the issuance of the 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of July 26, 2020, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$67.4 per share.

Ⓔ The Company's board of directors reported on July 14, 2021 about the issuance of the 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of July 18, 2021, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$65.10 per share.

Ⓕ The Company's board of directors reported on August 10, 2022 about the issuance of the 4th domestic unsecured convertible corporate bonds. According to Article 11 of the Company's Regulations Governing Issuance and Conversion of 4th Domestic Unsecured Convertible Corporate Bonds, where the cash dividend of common stock to the market price per share is more than 1.5%, the conversion price shall be cut based on the cash dividend to the market price per share on the ex-dividend date. Upon verification, as of July 20, 2022, the Company's 4th domestic unsecured convertible corporate bonds shall be adjusted as NT$62.20 per share.

(f) Bondholders' put option:

The bondholders may exercise the put option of the convertible bonds earlier on the record date for exercise of put option, namely, August 15, 2021 and August 15, 2022, upon expiration of three years and four years after issuance of the bonds. The bondholders may ask the Company to redeem the convertible bonds at 100% of the book value thereof in cash within 40 days prior to the record date for exercise of put option.

(g) The Company's right of redemption:

Ⓐ From the date following expiration of three month upon offering of the bonds (November 16, 2018) until 40 days prior to expiration of the duration (July 6, 2023), if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may exercise the call option to repurchase the bonds from the bondholders at the book value thereof in cash.

Ⓑ From the date following expiration of three month upon offering of the bonds (November 16, 2018) until 40 days prior to expiration of the duration (July 6, 2023), if the balance of the outstanding bonds is less than 10% of the initial total issue price, the Company may exercise the call option to repurchase the bonds from the bondholders at the book value thereof in cash.

(h) Date and method of repayment of principal:

Except those converted to the Company’s common stock by the bondholders according to the Regulations, or those redeemed upon exercise of the put option, or those redeemed by the Company earlier pursuant to the Regulations, or those repurchased by the Company from securities firms for cancellation, the others would be repaid in cash in full amount upon maturity.

B. For the whole 2022, the accumulation of the 4th domestic unsecured conversion of corporate bonds had been issued 157,334 shares with face value of NT$9,800 thousand, and recognized NT$8,732 thousand as Capital Surplus-Additional Paid-In Capital-Bond Conversion.

As of December 31, 2022, the accumulation of the 4th domestic unsecured conversion of corporate bonds had been issued 14,329,718 shares with face value of NT$963,300 thousand, and recognized NT$834,954 thousand as Capital Surplus-Additional Paid-In Capital-Bond Conversion.

It has been fully converted into ordinary shares as of September 2022, and has been approved by the competent authority to terminate OTC trading of convertible bonds on September 16, 2022.

C. The Company analyzed the 4th domestic unsecured convertible corporate bonds according to IFRS No.7 and identified the bonds as the compound financial instruments. Therefore, the Company separated the conversion option from liabilities and stated it into equity and liability respectively. The information about convertible corporate bonds in the financial statements is stated as following:

	August 15, 2018 **(Issuing date)**
Total issuing amount of convertible corporate bond	$ 1,001,000
Cost of convertible corporate bond	(5,381)
Elements of equity at the time of issuance - conversion option	(70,124)
Embedded financial derivatives at the time of issuance	(6,400)
Corporate bond payable, net on the issuing date	$ 919,095

The elements of equity were stated into capital surplus-stock option at the time of issuance. At the time of issuance, the fair value of embedded non-equity derivative was re-evaluated at the end of every month, which was stated into the "from financial assets and liabilities at fair value through profit or loss ".

The effective interest rate of the 4th unsecured convertible bonds after host contracts separation is 1.6885%.

D. (a) Financial assets and liabilities profit (loss) measured at fair value through profit or loss of the Group from January 1 to December 31, 2023 and 2022 were NT$0 thousand and NT$(48) thousand respectively.

(b) The Group recognized interest expense of convertible bonds at 2023 and 2022 were NT$0 thousand and NT$102 thousand respectively.

E. For the ended December 31, 2022, the 4th unsecured convertible bonds in the amount of NT$36,700 thousand were repurchased by the company from open market, buy back price is NT$34,832 thousand that is shared to liabilities and equity with difference between book value, is recognized as form treasury stock transaction NT$387 thousand.

(16) Long-term Loans

Lender	Nature	Limit	Period	December 31, 2023
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2019/11/08~2029/10/15	$ 488,482
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2020/09/23~2027/09/23	300,000
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2021/11/09~2031/10/15	235,680
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 653,440	2023/07/26~2043/07/26	653,440
BMO Harris Bank	Secured bank borrowings (note)	USD 405,000	2021/10/21~2024/10/21	3,587
Less: Long-term Loans payable-current portion				(170,166)
Long-term Loans, net				$ 1,511,023
Interest rates for long-term loans				1.38%~3.5%

Lender	Nature	Amount	Period	December 31, 2022
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2019/11/08~2029/10/15	$ 572,222
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2020/09/23~2027/09/23	320,000
Chang Hwa Bank - Chengnei Branch	Secured bank borrowings	$ 1,134,880	2021/11/09~2031/10/15	235,680
BMO Harris Bank	Secured bank borrowings (note)	USD 405,000	2021/10/21~2024/10/21	7,761
BMO Harris Bank	Secured bank borrowings (note)	USD 450,000	2022/12/14~2027/12/14	13,826
Less: Long-term Loans payable-current portion				(110,676)
Long-term Loans, net				$ 1,038,813
Interest rates for long-term loans				1.13%~7.85%

(Note) The subsidiary of the Group – Celadon Systems Inc., obtained a long-term loan and the loan is secured by company assets.

A. For the information about exposure of the Group's interest rate and liquidity risks, please refer to Note 12(2).

B. Pledged assets for bank loan

For bank loans secured by the Group’s assets, please refer to Note 8.

(17) **Pension Benefits**

A. Defined benefit plan

(a) The Company and its domestic subsidiaries have instituted regulations for the defined pension plan under the "Labor Standards Law" applicable to the years of services of employees before July 1, 2005, which is the day that the new "Labor Pension Act" came into full force, and the following years of services of employees who choose to continue applying the Labor Standard Law upon enforcement of the Labor Pension Act. Employees who meet the retirement requirements will be paid the pension based on their years of service and average salary or wage of the last six months prior to retirement. Two units are accrued for each year of service for the first 15 years and one unit is accrued for each additional year thereafter, up to a maximum of 45 units. The Company and its domestic subsidiaries contribute 2% of the total salaries of the employees to the special pension fund account with Bank of Taiwan supervised by the Employee Pension Fund Reserve Supervisory Committee. Until the end of December 31, 2023, the balance of the pension funds contributed to the special pension fund account at Bank of Taiwan was NT$108,285 thousand.

(b) The amount recognized in the balance sheet is stated as following:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 134,417	$ 129,633
Fair value of planned assets	(108,285)	(102,648)
Net defined benefit liability	$ 26,132	$ 26,985

(c) Changes in the present value of defined benefit obligation:

	2023	2022
Present value of defined benefit obligation, January 1	$ 129,633	$ 114,352
Service cost in current period	8,259	8,210
Interest cost	1,620	743
Amount allocated by Labor Standards Act article 56 item 2	－	1,464
Actuarial loss/gain		
Actuarial loss (gain) from changes of financial hypotheses	－	10,099
Empirical adjustment	(5,095)	(2,763)
Benefit payment-from planned assets	－	(2,472)
Present value of defined benefit obligation, December 31	$ 134,417	$ 129,633

(d) Changes in fair value of planned assets:

	2023	2022
Fair value of planned assets, January 1	$ 102,648	$ 94,315
Interest revenue	1,304	616
Return (loss) on remuneration of planned assets	887	7,206
Contribution by employer	3,446	4,289
Benefit payment-from planned assets	–	(2,472)
Settle special pension fund account by the subsidiary	–	(1,306)
Fair value of planned assets, December 31	$ 108,285	$ 102,648

(e) Total expenses recognized in comprehensive income statement:

	2023	2022
Service cost in current period	$ 8,259	$ 8,210
Interest cost of defined benefit obligation	1,620	743
Interest revenue from planned assets	(1,304)	(616)
Amount allocated by Labor Standards Act article 56 item 2	–	1,464
Defined benefit cost stated into income	$ 8,575	$ 9,801

(f) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and Article 6 of the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Any deficits thereof shall be made up by the national treasury upon approval of the competent authority. As the Company was not entitled to participate in operation and management of the Fund, it was impossible for the Company to disclose the classification of fair value of the planned assets in accordance with Paragraph 142 of Article 19 of IAS. For the fair value of the total assets under the Fund on December 31, 2023 and 2022, please see the labor pension fund utilization report published by the government each year.

(g) Actuarial hypotheses about pension are summarized as following: (expressed under weighted average method)

	2023	**2022**
Discount rate	1.25%	1.25%
Future salary and benefit level	2.25%	2.25%

Until December 31, 2023, the weighted average duration of the pension plan has been 8.9 years.

(h) Analysis of sensitivity

In the calculation of the determined welfare obligation, the Group must make use of judgment and estimate to determine relevant actuarial assumption on the reporting date, including the discount rate and update of future salary. Any changes in the actuarial hypotheses might materially affect the value of the Group's defined benefit obligation materially.

(i) The variance in the estimation of the Group's discount rate and future salary level increase rate from the management will affect the book value of pension benefit obligation in the following manners:

	Discount rate		**Future raise rate**	
	Increase by 0.25%	**Decrease by 0.25%**	**Increase by 1.00%**	**Decrease by 1.00%**
December 31, 2023				
Effect on defined benefit obligation %	(2.83%)	2.98%	11.31%	(11.91%)
Amount of effect on defined benefit obligation	$ (3,801)	$ 4,001	$ 15,202	$ (16,003)
December 31, 2022				
Effect on defined benefit obligation %	(3.08%)	3.25%	12.33%	(12.98%)
Amount of effect on defined benefit obligation	$ (3,998)	$ 4,208	$ 15,990	$ (16,832)

Said analysis of sensitivity refers to the analysis of the effect produced by any change of single hypothesis under the circumstance that the other hypotheses remain unchanged. In practice, a lot of changes in hypotheses might be linked with each other. The analysis of sensitivity adopted the same method used for calculation of net pension liability on the balance sheet.

The methods and hypotheses used by the analysis of sensitivity prepared in the current period are identical with those used in the previous period.

(j) Expected contributions to the defined benefit pension plans of the Group for the next annual reporting period as at December 31, 2023 is NT$3,450 thousand.

(k) The subsidiary of the Group – Chain-Logic International Corp. has no employee applicable for the labor retirement reserve as at December 31, 2021. The subsidiary has applied for closing the pension fund account since there is no need to pay the pension fund anymore. The application was approved at January 22, 2022 and the balance of the pension fund account NT$1,560 thousand was claimed at April 7, 2022.

B. Defined contribution plans

(a) As of July 1, 2005, the Company and domestic subsidiaries instituted the defined contribution retirement plan according to the "Labor Pension Act", applicable to the native employees. The Group shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau, with respect to the labor pension system under the "Labor Pension Act" chosen by employees. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum.

(b) Foreign subsidiaries shall contribute specific ratio of the local employees' total salary, on a monthly basis, as the pension or fund of endowment insurance according to the local government regulations. The pension of each employee shall be arranged and managed by government. Except that the subsidiaries shall be obligated to contribute the fund on a monthly basis, the subsidiaries shall bear no other obligations.

(c) The pension expenses recognized under the Group's defined contributed pension regulations were NT$90,366 thousand and NT$79,823 thousand in 2023 and 2022.

(18) <u>Equity</u>

A. The Company's outstanding common stock at beginning and ending is reconciled as follows:

Unit：Share

	2023	2022
Balance , January 1	94,231,106	94,073,772
Convertible Bonds Transferred To Common Stock	－	157,334
Balance , December 31	94,231,106	94,231,106

B. Capital surplus

(a) Pursuant to the R.O.C. Company Law amended in January 2012, capital surplus shall be first used to offset a deficit and then new shares or cash may be allocated based on realized capital surplus subject to shareholdings. Realized capital surplus referred to in the preceding paragraph included the surplus generated from donations and the excess of the issuance price over the par value of capital stock. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be transferred to common stock up to an annual limit of 10% of the paid-in capital.

(b) The balance of the Company's capital surplus:

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note1)		
Common stock premium	$ 210,163	$ 210,163
Convertible corporate bond conversion premium	1,428,895	1,428,895
Treasury Stock Transactions	58,623	58,623
May be used to offset a deficit only (Note2)		
Donation from shareholders	1	1
Invalidated employee shareholding pledging	27,005	27,005
Such capital surplus may not be used for any purpose		
Others-issuance of new shares due to acquisition of shares of another company	19,858	19,858
Stock option (Elements of equity of convertible corporate bonds)	—	—
Total	$ 1,744,545	$ 1,744,545

(Note1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

(Note2) Such type of capital reserve pertains to bequeathing to the accepting shareholders without cash inflow or reclassification of invalidated employee shareholding pledging.

Ⓐ The company issued the first, second, third and fourth Domestic unsecured convertible corporate bonds; The company recognized NT$1,428,895 thousand as paid-in capital in excess of par-common stock and treasury stock transaction NT$8,864 thousand.

Ⓑ The 3rd domestic unsecured conversion of corporate bonds pay off convertible corporate bonds at expiry, in addition to bondholders with converting right not requesting for the conversion to be invalidated, the initially classified “capital reserve – shareholding pledging” balance at NT$27,005 thousand is reclassified as “capital reserve – invalidated shareholding pledging” item.

Ⓒ The group issued last time Domestic unsecured convertible corporate bonds; The company recognized NT$49,759 thousand as paid-in capital in excess of par-common stock.

Ⓓ The Company received the shareholders' waiver of equity and 8 shares were transferred to the Company in June 2013. According to laws, the equity acquired by the Company upon receipt of the shareholders' waiver of the same shall be held as treasury stock and stated at the fair value of the stock on the same day, credited into capital surplus-donation from shareholders, NT$1 thousand.

Ⓔ The Company issued new shares and swapped the equity with the subsidiary, Chain-Logic International Corp. on June 15, 2002. The Company's shareholding is 100%. The difference between the investment cost and net worth of the acquired equity was NT$19,858 thousand on the date of investment, stated as capital surplus-others.

C. Retained earnings

(a) According to the company laws amended in May 2015, employee remuneration and remuneration to directors/supervisors shall not be allocated from earnings any longer. The Company has had the amended Articles of Incorporation resolved and approved by the board of directors on June 16, 2016. Therefore, if the Company has a profit at the year’s final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make contribution of 10% of the balance to the statutory reserve, unless the statutory reserve reaches the amount of the Company paid-in capital, and also make provision/reversal of special reserves pursuant to laws. The residual balance shall be added to undistributed earnings carried from previous years. The Board shall draft a motion for allocation of the residual balance plus the undistributed earnings, and submit the same to a shareholders' meeting to resolve whether shareholder bonus shall be allocated or the earnings shall be retained.

(b) The shareholders' meeting resolved to amend the Company Act of Incorporation as following on June 17, 2011: For the time being, the Company's industrial development is still growing, the dividend policy requires that the board of directors shall draft the motion for allocation of earnings each year and submit the same to a shareholders' meeting for ratification, subject to the Company's present and future investment environments, funding demand, status of competition domestically/overseas and capital budget and by taking care of shareholders' interest, balanced stock dividend and the Company's long-term financial planning into consideration. The earnings will be allocated in the form of cash dividend or stock dividend, subject to the funding demand and level of dilution of EPS. The cash dividend to be allocated, if any, shall be no less than 10% of the total stock dividend.

(c) Legal reserve

According to the Company Law amended in January 2012, the Company shall contribute 10% from the income after tax as the legal reserve until it is equivalent to the gross capital. When the Company suffers no loss, new shares or cash may be allocated from the legal reserve upon resolution of the shareholders’ meeting, provided that the new shares or cash allocated shall be no more than

25% of the paid-in capital.

(d) Special reserve

Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve based on the difference between the amount already set aside and the total debit balance of other shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(e) The appropriations of 2022 earnings had been approved by the shareholders during their meeting on June 15, 2023, and the appropriations of 2022 earnings had been approved by the shareholders during their meeting on June 15, 2022. Details are summarized below:

	2022		**2021**	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 121,349		$ 68,891	
Special reserve	(352)		971	
Cash dividends	659,618	7.00	376,314	4.00

(f) The information about allocation of retained earning approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the "MOPS".

D. Treasury stock：None.

E. Share-based payment ─ employee compensation plan

As of December 31, 2023, information on outstanding ESO is shown below: None.

(19) <u>Operating Income</u>

A. <u>Operating income</u>

	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 7,981,073	$ 7,211,635
Processing Fees revenue	191,814	213,658
Others		
Commission revenue	1,426	13,881
Less: operating revenue attributable to the discontinued operation	(27,201)	(27,245)
Total	$ 8,147,112	$ 7,411,929

B. Contract assets and contract liabilities

The Group recognized the contract assets and contract liabilities of the revenue from contracts with customers as following:

(a) Contract assets: None.

(b) Contract liabilities as following:

	December 31, 2023		December 31, 2022	
Contract liability-current				
Sales revenue received in advance	$	673,419	$	659,714
Total	$	673,419	$	659,714

Revenue of the contract liabilities recognized in the beginning:

	2023		2022	
Revenue recognized in this period				
Sales revenue received in advance transfer to revenue	$	557,755	$	656,690
Total	$	557,755	$	656,690

(20) Non-operating Income And Expenses

A. Other gains and losses, net

	2023		2022	
Gains (losses) on disposal of property, plant and equipment	$	122	$	9,993
Losses on obsolescence of property, plant and equipment		(27)		(9,696)
Net gains (losses) on financial assets/liabilities at fair value through profit or loss		—		(48)
Net currency exchange gains (losses)		25,362		151,503
Gains(losses) on lease modification		83		419
Gains (losses) on disposal of investment		(3,737)		—
Others		(199)		(2,612)
Less: other gains and losses attributable to the discontinued operation		50		(1,949)
Total	$	21,654	$	147,610

B. Financial cost

	2023	2022
Interest expenses		
Bank loan	$ 21,576	$ 11,150
Imputed interest from deposit	136	11
Convertible corporate bonds	—	102
Lease liabilities	6,283	3,883
Subtotal	27,995	15,146
Less: capitalized interest	(1,845)	(1,381)
Less: financial cost attributable to the discontinued operation	(64)	(58)
Total	$ 26,086	$ 13,707
Capitalized interest rate	1.19%~1.56%	0.61%~1.19%

C. Interest income

	2023	2022
Interest income from bank deposits	$ 29,618	$ 5,044
Imputed interest from deposit	422	134
Less: interest income attributable to the discontinued operation	(105)	(220)
Total	$ 29,935	$ 4,958

(21) Income Tax

A. The Group's income tax expenses (gains) are specified as following:

	2023	2022
Current tax:		
Current tax on profits for the period	$ 249,145	$ 238,739
Imposition of income tax on undistributed earnings	11,835	5,296
Income tax on repatriated offshore funds	-	-
Adjustments in respect of prior years	(6,206)	(12,016)
Total current tax	254,774	232,019
Deferred tax:		
Origination and reversal of temporary differences	8,973	(3,406)
Impact of change in tax rate	-	-
Total deferred tax	8,973	(3,406)
Income tax expense	$ 263,747	$ 228,613

B. The Group recognized Income tax expenses in other comprehensive income are NT$ 0 start from January to December, at 2023 and 2022.

C. The Group income tax expenses recognized under the title of equity are NT$0 start from January to December, at 2023 and 2022.

D. Relations between income tax expenses (gains) and accounting profit

	2023	2022
Net profit (loss) before tax	$ 1,582,295	$ 1,445,995
Income tax on net profit (loss) before tax calculated at the domestic tax rate applicable in the place where the Company is situated	$ 316,459	$ 289,199
Tax rate difference effect in foreign jurisdiction	(13,272)	(6,616)
Income tax effect included into the items that shall not be recognized pursuant to tax laws	18,113	23,963
Income tax on repatriated offshore funds	-	-
Income tax effect on deferred income tax assets/liabilities	8,973	(3,406)
Changes of foreign exchange rate of deferred income tax assets/liabilities	-	-
Unrecognized deferred income tax assets	75	2
Tax-free income	-	-
Maximum foreign-tax deduction	-	-
Income tax effect on investment credit	(72,230)	(67,809)
Imposition of income tax on undistributed earnings	11,835	5,296
Income tax effect under minimum tax system	-	-
Overestimated (underestimated) income tax in previous year	(6,206)	(12,016)
Impact of change in tax rate	-	-
Total	$ 263,747	$ 228,613

E. Deferred income tax assets and liabilities

(a) Recognized deferred income tax assets and liabilities

	2023				
	January 1	**Recognized in income statement**	**Recognized in other comprehensive income**	**Exchange difference**	**December 31**
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence losses	$ 100,528	$ 11,210			$ 111,738
Unrealized net investment income (foreign)	11,089	(2,956)			8,133
Unrealized exchange loss	1,746	3,899			5,645
Unrealized warranty cost	2,803	1,079			3,882
Unrealized impairment loss	9,107	-			9,107
Unrealized gain on inter-affiliate accounts	4,004	87			4,091
Tax difference on depreciation expenses	5,697	92		$ (76)	5,713
Expected Credit(loss) gains	36	164			200
Unused tax loss carry-forward	12,530	2,401		(10)	14,921
Total	$ 147,540	$ 15,976		$ (86)	$ 163,430
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange gain	$ (1,819)	$ 1,139			$ (680)
Unrealized net investment income (foreign)	-	(27,848)			(27,848)
Recognition of pension expenses (deficit)	(8,763)	1,026			(7,737)
Tax difference on depreciation expenses	(19,126)	734		$ 152	(18,240)
Total	$ (29,708)	$ (24,949)		$ 152	$ (54,505)

	2022				
	January1	Recognized in income statement	Recognized in other comprehensive income	Exchange difference	December31
Deferred income tax assets					
Temporary difference					
Unrealized inventory devaluation and obsolescence losses	$ 76,504	$ 24,024			$ 100,528
Realized net investment income (foreign)	24,587	(13,498)			11,089
Unrealized exchange loss	820	926			1,746
Unrealized warranty cost	2,928	(125)			2,803
Unrealized impairment loss	9,107	-			9,107
Unrealized gain on inter-affiliate accounts	5,542	(1,538)			4,004
Tax difference on depreciation expenses	5,604	8		$ 85	5,697
Expected Credit(loss) gains	-	36			36
Unused tax loss carry-forward	-	11,908		622	12,530
Total	$ 125,092	$ 21,741		$ 707	$ 147,540
Deferred income tax liabilities					
Temporary difference					
Unrealized exchange gain	$ (597)	$ (1,222)			$ (1,819)
Recognition of pension expenses (deficit)	(10,324)	1,561			(8,763)
Tax difference on depreciation expenses	-	(18,674)		$ (452)	(19,126)
Total	$ (10,921)	$ (18,335)		$ (452)	$ (29,708)

(b) Unrecognized deferred income tax assets

The information of the amount for which no deferred income tax assets have been recognized were as follows:

	December 31, 2023	December 31, 2022
Unused tax loss carry-forward	$ 14,921	$ 12,167
Deductible temporary differences	6,785	8,640
Total	$ 21,706	$ 20,807

(c) Unrecognized deferred income tax liabilities：None.

F. The investment credit tax on deferred income tax assets which has been recognized by the Company before December 31, 2023 shall be credited by the following deadline:

Item	Total credit	Deducted amount	Credited balance in current period	Balance to be credited	Last year of credit
R&D expenditure (projected) in 2023	$ 72,230	$ －	$ 72,230	$ －	(non-deferred)
	$ 72,230	$ －	$ 72,230	$ －	

(Note) According to the "Regulations Governing Investment Credit Applicable to a Company's R&D Expenditure" promulgated on November 8, 2010, the tax credit shall be no more than 30% of the income tax payable in the year and prohibited from being deferred until next year.

G. Authorization of income tax:

	Year
MPI Corporation	2021
Chain-Logic International Corp.	2021
Allstron Corp	2021

H. Under the amendments to the Income Tax Act which was promulgated in February 7, 2018, the Company’s applicable income tax rate was 20% effective from January 1, 2018. The Company has accessed the impact of the change in income tax rate. Besides, the tax rate of undistributed earnings in 2018 was 5%.

(22) Earnings Per Common Share

A. Basic EPS

The basic EPS is calculated based on the income vested in the Company's common stock holders dividing by the weighted average number of outstanding common stock.

B. Diluted EPS

The diluted EPS is calculated upon adjustment of the effect of all potential diluted common stocks based on the income vested in the common stock holders and the weighted average number of outstanding common stock.

C. The Company's basic EPS and diluted EPS are calculated as follows:

	2023			2022		
	Amount after tax	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**	**Amount after tax**	**Weighted average number of outstanding common stock (thousand shares)**	**EPS (NT$)**
Basic EPS						
Net profit attributed to the Company's continued operation	$1,321,196		$ 14.02	$1,219,081		$ 12.95
Net loss attributed to the Company's discontinued operation	(9,297)		(0.10)	(5,456)		(0.06)
Net profit attributed to the Company's common stock shareholders	$1,311,899	94,231	$ 13.92	$1,213,625	94,138	$ 12.89
Diluted EPS						
Net profit attributed to the Company's common stock shareholders	$1,321,196	94,231		$1,219,081	94,138	
Effect of all potential diluted common stocks						
4th domestic unsecured convertible corporate bond	—	—		—	—	
Employees stock bonus	—	638		—	1,136	
Net profit attributed to the Company's continued operation plus effect of potential common stocks	$1,321,196		$ 13.93	$1,219,081		$ 12.80
Net loss attributed to the Company's discontinued operation	(9,297)		(0.10)	(5,456)		(0.06)
Net profit attributed to the Company's common stock shareholders plus effect of potential common stocks	$1,311,899	94,869	$ 13.83	$1,213,625	95,274	$ 12.74

For the details about capital increase, please see Note 6(18).

(23) <u>Business combinations - acquisition of subsidiaries</u>

A. For the business development strategy, the Group has acquired 100% of the share capital of Celadon Systems Inc. (hereinafter referred to as the "Celadon") for US$10,200,000 (equivalent to NT$283,471 thousand) in September, 2021 and obtained the control over Celadon. The main operating activities of Celadon are selling and manufacturing the Probe Cards, Test systems and High-Performance Cables and it's main customers are semiconductor manufacturers and semiconductor equipment distributors. The Group has expected the acquisition will enhance the competitive advantages of the Group's engineering probe cards and equipment, and expand the market business scale.

B. The following table summarizes the consideration paid for Celadon and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the acquisition date:

	Acquisition Date September 9, 2021	
Purchase consideration		
Cash paid	$	283,471
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalent	$	10,911
Accounts Receivables		25,568
Inventories		15,710
Prepayments		1,664
Property , plant and equipment		18,279
Right-of-use asset		16,512
Identifiable intangible assets-software		2,540
Identifiable intangible assets-patent and others		34,305
Short-term and long-term loans		(11,361)
Contract liability		(1,792)
Account payable		(2,644)
Other payables		(8,133)
Lease liability		(16,512)
Total identifiable net assets	$	85,047
Goodwill	$	198,424

The fair value of the assets and liabilities of Celadon (excluding identifiable intangible assets-patent and others) were according to the book value as of September 9, 2021 audited by public accountant. The fair value was the optimum expectation at acquisition date.

The gross contractual amounts of accounts receivable totaled NT$26,347 thousand, of which NT$779 thousand was expected to be uncollectible at the acquisition date.

The Group has hired expert for the valuation of fair value of the identifiable intangible assets. The Group received the purchase price allocation report in January 2022 which indicated that the fair value of identifiable intangible assets (including patent, intangible asset from lease and client base) of Celadon at the date of acquisition was NT$34,305 thousand.

The comparative figures have been restated as if the initial accounting was completed at the acquisition date. The balance of the items on the consolidated balance sheets before and after the adjustments are the following:

	Acquisition Date (Provisional Amount)	**Acquisition Date (Fair Value)**
Accounts receivable	$ 26,347	$ 25,568
Inventories	$ 19,326	$ 15,710
Identifiable intangible assets-patent	$ -	$ 23,111
Identifiable intangible assets-others	$ -	$ 11,194
Account payable	$ 3,873	$ 2,644
Other payable	$ 6,774	$ 8,133
Goodwill	$ 228,204	$ 198,424

The goodwill is attributable mainly from expanding the U.S market and the business scope and creating momentum for operational growth to the Group by merging Celadon. It will enhance the competitive advantage of the Group's products, provide completing solution services to the customers and expand the scale of the U.S market etc, as well as the synergies expected to be achieved from integrating business.

C. The operating revenue included in the consolidated statement of comprehensive income since September 9, 2021, contributed by Celadon was NT$57,915 thousand Celadon also contributed profit before income tax of NT$6,015 thousand over the same period. Had Celadon been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of NT$169,366 thousand and profit before income tax of NT$(34,547) thousand.

(24) Employee benefits, depreciation, depletion and amortization expenses are summarized as follow

Function / Nature	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expense						
Wages and salaries	1,358,853	1,163,913	2,522,766	1,236,377	1,067,093	2,303,470
Labor and health insurance expense	90,786	78,920	169,706	83,409	71,079	154,488
Pension costs	50,531	48,410	98,941	49,038	40,586	89,624
Director remuneration	－	34,663	34,663	－	31,950	31,950
Other personnel expense (Note)	116,018	56,667	172,685	115,959	45,255	161,214
Depreciation expenses	310,979	150,918	461,897	326,624	139,171	465,795
Depletion expenses	—	—	—	—	—	—
Amortization expenses	15,711	58,893	74,604	15,196	44,258	59,454
Less: operating cost and expense attributable to the discontinued operation	(10,048)	(10,825)	(20,873)	(10,519)	(5,210)	(15,729)

(Note) The other personnel expenses including food stipend, overtime pay and employee benefits.

A. According to the Company's existing articles of incorporation, the Company shall allocate remuneration to employees and remuneration to directors when allocating the earnings.

B. The Company has approved the motion for amendments to the Articles of Incorporation on June 15, 2020:

If the Company retains income before tax after the account settlement, it shall allocate 0.1%~15% thereof as the remuneration to employees, and not be higher than 3% thereof as the remuneration to directors. However, profits must first be taken to offset against cumulative losses, if any. The remainder, if any, shall be allocated as the remuneration to employees and directors on a pro rata basis as referred to in the preceding paragraph.

The allocation of remuneration to employees and directors shall be resolved and approved by a majority of the directors present at a directors' meeting attended by more than two-thirds of the whole directors, and reported to a shareholders' meeting.

Employees’ remuneration may be paid in the form of stock or in cash, and can be paid to employees of affiliated companies that satisfy certain criteria.

C. The Company estimated the remuneration to employees was NT$138,653 thousand and NT$127,800 thousand, respectively, in 2023 and 2022, and the remuneration to directors NT$34,663 thousand and NT$31,950 thousand. Said values were stated into salary expenses. The values were estimated based on the earnings gained until the current period (this year).

D. The remuneration to employees and directors 2022 resolved to be allocated at the shareholders' meeting on June 15, 2023 by the Board of Directors meeting were NT$127,800 thousand and NT$31,950 thousand, respectively, identical with that recognized in the financial statement 2022, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2023.

E. The remuneration to employees and directors 2021 resolved to be allocated at the shareholders' meeting on June 15, 2022 by the Board of Directors meeting were NT$71,048 thousand and NT$17,762 thousand, respectively, identical with that recognized in the financial statement 2021, and the remuneration to employees will be paid in cash. The remuneration will be paid after the amended Articles of Incorporation is resolved at the general shareholders' meeting 2022.

F. The information about remuneration to employees and remuneration to directors approved by the Board of Directors and resolved by a shareholders' meeting may be viewed at the "MOPS".

(25) Supplemental cash flow information

A. Investing activities paid in cash in part only:

	2023	2022
Purchase of property, plant and equipment	$ 394,010	$ 290,548
Add: opening balance of payable on equipment	60,141	61,003
Less: ending balance of payable on equipment	(142,339)	(60,141)
Cash paid during the period	$ 311,812	$ 291,410

B. Financing activities not affecting cash flow:

	2023	2022
Convertible bonds being converted to capital stocks	$ -	$ 1,573

7. Transactions with related parties

(1) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(2) The names and relationship of related parties: None.

(3) Important transactions with related parties

The balance and transaction between the Company and its subsidiaries have been derecognized from the consolidated financial statements and were not disclosed accordingly. There was no transaction between the Group and other related parties for the year ended December 31, 2023 and 2022.

(4) Information about remuneration to the management

Information about remuneration to the Group's management is stated as follows:

	2023	2022
Salary and other short-term employee benefits	$ 15,491	$ 10,965
Resignation benefits	-	-
Retirement benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total	$ 15,491	$ 10,965

Said remuneration to the management is decided by the Remuneration Committee subject to personal performance and market trend. For the relevant information, please see the annual report of the general shareholders' meeting.

8. Pledged assets

The following assets have been provided to the Group to pledge for bank loans, import business tax, sale commitment, notes payable, payment commitment and repatriated offshore funds. The book value thereof is stated as follows:

	December 31, 2023	December 31, 2022
Land (Including investment properties)	$ 1,505,103	$ 770,963
Building (Including investment properties)	1,534,884	1,514,020
Pledged bank deposit (stated as other current assets)	5,659	31,904
Other non-current financial assets (stated as other non-current assets)	13,132	13,246
Total	$ 3,058,778	$ 2,330,133

9. Significant contingent liability and unrecognized contractual commitment

(1) Contingency: None.

(2) Commitment

A. Balance of unused letter of credit issued by the Group, guarantee money paid and service charges: None.

B. The outstanding capital expenditure amount under the purchase orders signed is stated as following:

	December 31, 2023	December 31, 2022
Purchases of property, plant and equipment	$ 117,576	$ 70,833

C. The Group signed a technology transfer agreement with a Non-related party, and the main contents are as follow:

Duration of agreement	Transferred Technology Product	Terms of Payment	Important Notes
5 years (4th Quarter 2023 to 3rd Quarter 2028)	The Transfer of Technology of Thermal Chuck Systems	The Total Agreement Price is €8,000,000, with the amount of €1,200,000 (equivalent to NT$ 41,640 thousand) was paid in 2023. The remaining amount should be paid is €6,800,000 (€2,400,000 should be paid in the next year and then, in the following 2-5 years should pay €4,400,000).	4. If the Group terminates the Agreement before validation of Block 1, the Group shall be responsible for 100% of the Total Agreement Price. 5. If the Group terminates the Agreement after the validation of Block 1 but before the validation of Block 2, the Group will pay 100% of the Total Agreement Price plus 2 years of royalties. 6. If the Group terminates the Agreement after the validation of Block 2, the Group will pay 3 years of royalties.

10. **Significant disaster loss: None.**

11. **Significant subsequent events: None.**

12. **Others**

(1) **Capital management**

The Group's capital management objective is intended to protect the Group's continued operation and ensure maintenance of well-founded credit ratings and optimal capital structure to reduce capital cost, in order to support the enterprise's operation and maximization of shareholders' return. The Group manages and adjusts the capital structure subject to the economic condition. The Group might adjust the stock dividend to be paid, refund of capital, issuance of new shares or realization of assets to reduce liabilities, in order to maintain and adjust the capital structure.

The Group controls its capital structure based on the debt/equity ratio. Said ratio is net liabilities dividing by the net worth. The Group maintained the same strategy in 2023 as that in 2022, dedicated to maintaining the debt/equity ratio less than 50%~100%. The Company's debt ratios on December 31, 2023, and 2022 are stated as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 4,819,373	$ 4,008,938
Total net worth	7,620,499	6,893,993
Debt/equity ratio	63%	58%

(2) <u>Financial instruments by category</u>

A. The financial instruments of the group are stated as follows:

(a) Financial assets: Including financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid and other financial assets.

(b) Financial liabilities: Including financial liabilities at fair value through profit or loss, short-term loans, notes payable, accounts payable, other payables, lease liabilities, bonds payable(including current portion), long-term borrowings(including current portion), guarantee deposits received and other financial liabilities.

B. Risk management policies

(a) The Group's financial risk management aims to manage the market risk, credit risk and liquidity risk related to operating activities, and to identify measure and administer said risks based on policies and risk preference.

(b) The Group has established adequate policies, procedures and internal controls pursuant to the related regulations, in order to manage said financial risk. The important financial activities shall be audited and approved by the board of directors according to the related regulations and internal control system. In the duration of financial management activities, the Group shall strictly comply with the requirements related to financial risk management defined by the Company.

C. Significant financial risks and degrees of financial risks

(a) Market risk

The Group's market risk arises from market price fluctuation resulting in fluctuation of the fair value or cash flow of financial instruments. The market risk primarily includes foreign exchange risk, interest rate risk and other pricing risks.

Practically, few single risk variances would change independently. Additionally, changes of various risk variances are generally correlative to each other. Notwithstanding, the sensitivity analysis of the following risks does not take the interaction of related risk variances into consideration.

Ⓐ Foreign exchange risk

The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets.

The Group's receivable accounts denominated in foreign currency are identical with payable accounts denominated in foreign currency in some currencies and, therefore, the equivalent positions would produce the hedging effect naturally. Considering that said natural hedging did not meet the hedging accounting policy, the Group did not adopt the hedging accounting policy. Further, the net investment in foreign operations was identified as strategic investment. Therefore, the Company did not adopt any hedging policy against it.

The sensitivity analysis on the Company's foreign exchange risk was primarily intended to be conducted against the titles in foreign currencies at the end of the financial reporting and the effect produced by the revaluation/devaluation of related foreign currencies on the Group's income and equity. The Group's foreign exchange risk arises primarily from fluctuation in the foreign exchange rate of USD, Japanese Yen, Euro and RMB.

The Group's business lines involved some non-functional currencies (the functional currency of the Company and some of its subsidiaries was NTD, and that of some subsidiaries is USD, RMB or KRW). Therefore, the Company would be subject to the effect produced by fluctuation in foreign exchange rate. The information about assets denominated in foreign currency exposed to significant effect produced by fluctuation in foreign exchange rate is stated as follows:

	December 31,2023			
	Currency unit	**Amount in foreign currency (thousand dollars)**	**Applicable foreign exchange rate, ending (Dollar)**	**Book value (NTD) (thousand dollars)**
Financial assets	NTD/USD	$ 37,660	30.6752	$ 1,155,220
	NTD/JPY	$ 44,062	0.21715	$ 9,568
	NTD/EUR	$ 4,735	33.916	$ 160,609
	NTD/RMB	$ 164,361	4.3277	$ 711,304
	NTD/KRW	$ 2,909	0.02391	$ 70
	NTD/HKD	$ 9	3.875	$ 37
	NTD/SGD	$ 8	23.165	$ 184
	NTD/MYR	$ 13	6.411	$ 83
	NTD/GBP	$ 170	39.13304	$ 6,655
	NTD/INR	$ 10	0.3700	$ 4
	NTD/PHP	$ 89	0.55450	$ 50
	NTD/CAD	$ 189	23.19825	$ 4,394

Financial liabilities	NTD/USD	$ 2,571	30.75700	$ 79,077
	NTD/JPY	$ 74,407	0.21910	$ 16,299
	NTD/EUR	$ 1,279	34.16000	$ 43,681
	NTD/RMB	$ 296	4.37800	$ 1,297
	NTD/GBP	$ 4	39.35650	$ 145
	NTD/CAD	$ 17	23.29000	$ 389

	December 31,2022			
	Currency unit	**Amount in foreign currency (thousand dollars)**	**Applicable foreign exchange rate, ending (Dollar)**	**Book value (NTD) (thousand dollars)**
Financial assets	NTD/USD	$ 37,229	30.6961	$ 1,142,783
	NTD/JPY	$ 23,358	0.23211	$ 5,422
	NTD/EUR	$ 2,491	32.612	$ 81,242
	NTD/RMB	$ 168,726	4.3873	$ 740,306
	NTD/KRW	$ 5,188	0.02457	$ 127
	NTD/HKD	$ 12	3.884	$ 46
	NTD/SGD	$ 24	22.755	$ 549
	NTD/MYR	$ 16	6.699	$ 110
	NTD/GBP	$ 102	37.00300	$ 3,765
	NTD/INR	$ 10	0.3629	$ 4
	NTD/PHP	$ 91	0.54430	$ 49
Financial liabilities	NTD/USD	$ 1,892	30.790	$ 58,255
	NTD/JPY	$ 56,126	0.2340	$ 13,833
	NTD/EUR	$ 628	32.888	$ 20,664
	NTD/RMB	$ 224	4.439	$ 994
	NTD/GBP	$ 7	37.2261	$ 247

In consideration of the Group's multiple functional currency types, the information about exchange gain or loss for currency is disclosed by summarization. The foreign currency exchange gain (loss) (including the realized and unrealized) was NT$ 25,362 thousand and NT$151,503 thousand in 2023 and 2022.

Ⓑ Cash flow and fair value interest rate risk

The interest rate risk arises when the fluctuation of market interest rate results in fluctuation in fair value of financial instruments or in future cash flow. The Group's interest rate risk arises primarily from the loan with floating interest rate.

The Group maintained adequate portfolio with fixed and floating interest rates to manage the interest rate risk.

© Equity price risk

a.Equity securities held by the Group are susceptible to price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through placing limits on individual and total equity instruments. Reports on equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors shall review all equity investment decisions and approve where appropriate.

b.For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

Stock in domestic listed company through private placement

	December 31,2023		December 31, 2022	
Prices of securities at the reporting date	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**
Increasing 1%	$ -	$ 2,240	$ -	$ 1,540
Decreasing 1%	$ -	$ (2,240)	$ -	$ (1,470)

Domestic innovation board common stock

	December 31,2023		December 31, 2022	
Prices of securities at the reporting date	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**	**Sensitivity of Profit or Loss**	**Sensitivity of other comprehensive income**
Increasing 1%	$ -	$ 502	$ -	$ 431
Decreasing 1%	$ -	$ (507)	$ -	$ (536)

Ⓓ Other risks over market value

In addition to meeting expected consumption and sale needs, the Group did not sign any product contract which did not apply net settlement.

Ⓔ Under the circumstance that all of the other factors remained unchanged, the sensitivity analysis on the changes in related risks before tax on December 31, 2023 and 2022 is stated as following:

December 31,2023

Primary risk	Range of change	Sensitivity of Profit or Loss
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-57,224 Thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	+/-4,203 thousand

December 31, 2022

Primary risk	Range of change	Sensitivity of Profit or Loss
Foreign exchange risk risk	Fluctuation in foreign exchange rate+/- 3%	+/-56,412 thousand
Interest rate risk	Loan with floating interest rate +/- 0.25%	+/-2,874 thousand

(b) Credit risk

Ⓐ Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

Ⓑ The group set up the management of credit risk by Group perspective. According to the loan policy expressly defined internally in the Group, each business dept. Within the Group shall conduct the management and credit risk analysis on each new customer before setting payment and proposing the delivery terms and conditions. The internal risk control evaluates customers' credit quality by taking into consideration the customers' financial position, and past experience and other factors. The individual risk limit is set by the management according to the internal or external ratings. The management will also control the periodic drawdown of credit limits. The main credit risk results from derivative financial instruments and the balance deposited in banks and financial organizations, and customers’ credit risk, including the unearned accounts receivable and undertaken transactions. The Group also applied some credit enhancement instruments (e.g. advance sale receipts) in a timely manner to reduce customers' credit risk.

Ⓒ For the year ended December 31, 2023 and 2022, no circumstances resulting in excess of the credit limit have taken place. Meanwhile, the management expects no material loss resulting from trading counterpart’s failure to perform contract.

Ⓓ The Group's Finance Dept. Manage the credit risk over the deposits in banks and other financial instruments according to the Group's policy. The Group’s trading counterparts were decided by the internal control procedure, who were trustworthy banks and corporations which were not expected to breach the contracts. Therefore, there should be no significant credit risk.

Ⓔ Guarantee

According to the Group's policy, the Group may only make financial guarantee for the subsidiaries wholly owned by the Group. As of December 31, 2023 and 2022, the Group has never made any endorsements/guarantees.

Ⓕ The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

Ⓖ The Group in line with credit risk management procedure, when the counterparty of transaction has financial difficulties, business accidents, restrictions on the acceptance of orders due to legal restrictions, refunds of company bills and any factors (such as fires, earthquakes and natural disasters). A default is considered to have occurred in the event that the possibility of recovering the receivable is very low, the default has occurred.

Ⓗ The Group classifies customer’s notes receivable, accounts receivable, contract assets and rents receivable in accordance with geographic area, product types, credit rating of customer, collaterals, credit risk on trade and customer types. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

Ⓘ The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

Ⓙ The Group used the foreseeable of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the loss allowance of notes receivable and accounts receivable. The group use provision matrix to estimate expected credit loss under the provision matrix basis. The provision matrix basis based on historical default rates observed during the lifetime of accounts receivable to adjust. On each reporting day, the Group updated the observed historical default rates and analyzed changes. On December 31, 2023 and 2022, the Group expected credit loss rate during the lifetime is stated as follow:

	Notes Receivable	**Accounts Receivable**					
	Dishonoured check	Without past due	1~90 days	91 to 180 days	181 to 360 days	1 to 2 years	More than 2 year
Expected loss rate	100%	0%	7%	15%	25%	50%	100%

Ⓚ The Group grants the loan period varying based on the evaluation on each trading customer, generally O/A 60 days or 210 days. For the information about the changes of loss allowances provided for the Group's impairment on receivable accounts and account age analysis on loans, please see Note 6(3) and Note 6(4).

(c) Liquidity risk

Ⓐ The liquidity risk arises when the Group fails to deliver cash or other financial assets to repay financial liabilities and to perform the related obligation. The Group managed the liquidity in a manner ensuring that the Group has sufficient working fund to repay matured liabilities under the general and critical circumstances, so as to avoid unacceptable loss or impairment on the Group's goodwill.

Ⓑ The Group's will call the management meeting periodically to assist Financial Accounting Dept. Control the need for cash flow and the optimal investment return in cash. Generally, the Group will ensure that it has sufficient cash to meet the need for expected operating expenditure for 90 days, including performance of financial obligation, but excluding the potential effect which it is impossible to expect reasonably under extreme circumstances, e.g. natural calamity. The unused limit of the Group's loan totaled NT$2,114,797 thousand on December 31, 2023.

Ⓒ The following table refers to the non-derivative financial liabilities and grouped subject to the relevant expiry dates. The non-derivative financial liabilities are analyzed based on the residual period from the date of balance sheet until the expiry date. Nevertheless, the Group did not hold derivative financial liabilities.

Non-derivative financial liabilities	December 31,2023 Within 1 year	1~2 years	More than 2 years	Total
Short-term loan	$ –	$ –	$ –	$ –
Payable accounts (including related party)	563,656	–	–	563,656
Other payable accounts (including related party)	1,314,732	–	–	1,314,732
Lease liabilities (note)	87,253	72,706	32,826	192,785
Long-term loan (including the current portion)	170,166	197,814	1,313,209	1,681,189
Total	$ 2,135,807	$ 270,520	$ 1,346,035	$ 3,752,362

Non-derivative financial liabilities	December 31, 2022 Within 1 year	1~2 years	More than 2 years	Total
Short-term loan	$ –	$ –	$ –	$ –
Payable accounts (including related party)	527,950	-	-	527,950
Other payable accounts (including related party)	1,155,693	-	-	1,155,693
Lease liabilities (note)	70,387	55,141	61,599	187,127
Long-term loan (including the current portion)	110,676	172,934	865,879	1,149,489
Total	$ 1,864,706	$ 228,075	$ 927,478	$ 3,020,259

<Note>Lease payments are low-value asset leases or short-term leases that are exempt from recognition of lease liabilities. If lease payment are significant, it should be disclose the maturity analysis of the contractual cash flow amounts.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Ⓐ Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Ⓑ Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in Equity instruments- Stock in domestic listed company through private placement, financial products and corporate bonds is included in Level 2.

Ⓒ Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortized cost-current, notes receivable, accounts receivable, other receivables, pledged deposit, bank loan, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

Ⓐ The Group measured at fair value by level on the basis of the assets and liabilities:

	December 31, 2023			
		Fair value		
	Book value	**Level 1**	**Level 2**	**Level 3**
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss-current convertible bonds option	-	-	-	-
Financial assets at fair value through other comprehensive income-Noncurrent items Equity instruments -Stock in domestic listed company through private placement	$226,940	-	$ 226,940	-
Financial assets at fair value through other comprehensive income-Noncurrent items Equity instruments -Domestic innovation board common stock	46,262		46,262	
Non-recurring fair value measurements	-	-	-	-
Liabilities				
Recurring fair value measurements	-	-	-	-

	December 31, 2022			
		Fair value		
	Book value	**Level 1**	**Level 2**	**Level 3**
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss-current convertible bonds option	-	-	-	-
Financial assets at fair value through other comprehensive income-Noncurrent items				
Equity instruments -Stock in domestic listed company through private placement	$148,190	-	$ 148,190	-
Financial assets at fair value through other comprehensive income-Noncurrent items Equity instruments -Domestic innovation board common stock	46,836		46,836	
Non-recurring fair value measurements	-	-	-	-
Liabilities				
Recurring fair value measurements	-	-	-	-

Ⓑ The methods and assumptions of fair value estimate are as follows:

Convertible bonds option

Valuation techniques and inputs applied for Level 2 fair value measurement

Financial instruments	Instruments and inputs
Convertible bonds option	Binomial tree valuation model： Evaluated by the observable of duration, conversion price, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

Equity instruments

Valuation techniques and inputs applied for Level 2 fair value measurement

Financial instruments	Instruments and inputs
Equity instruments -Stock in domestic listed company through private placement	Black-Scholes valuation model： Observing the parameters at the end of the period, such as restriction period, stock price, strike price, volatility, and risk-free interest rate, estimate the put value and liquidity discount to obtain the fair value of the privately placed common stock.
Equity instruments -Domestic innovation board stocks	Market approach: Based on the indicators of comparable business items, products, scale and financial ratios, the listed OTC companies are considered to have similar performance and value. Therefore, the value of the rated company should be estimated from the value of the analogous company. In addition, for companies on the innovation board, their stock market liquidity is not good, and the stock price should consider the liquidity discount.

D. There were no transfer between **Level** 1 and **Level** 2 for the year ended December 31, 2023 and 2022.

13. Supplementary Disclosures

(1) Significant transactions information

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group shall also disclose the information about important transactions:(The following transactions with consolidated subsidiaries have been eliminated in the accompanying consolidated financial statement.)

No.	Contents	January~ December 2023
1	Loans to others	N/A
2	Endorsement/guarantees made for others	N/A
3	Marketable securities-ending	Attached table 1
4	Cumulative amount of the same marketable securities purchased or sold reaching 300 million NTD or more than 20% of the paid-in capital in the current period.	N/A
5	Acquisition amount of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	Attached table 2
6	Amount on disposal of real estate reaching 300 million NTD or more than 20% of the Paid-in capital.	N/A
7	Amount on purchase from and sale to related parties reaching 100 million NTD or more than 20% of the Paid-in capital.	N/A
8	Accounts receivable-related party reaching 100 million NTD or more than 20% of the Paid-in capital.	N/A
9	Transactions of derivative instruments.	N/A
10	Business relationship and important transactions between parent company and subsidiaries.	Attached table 3

Attached table 1：Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Securities held by	Marketable Securities	Relationship with the securities issuer	Financial Statement Account	Ending Balance				Note
				Number of shares (In thousand shares or thousand units)	Book Value	Percentage of Ownership (%)	Fair Value	
MPI	Private equity of domestic listed company – Spirox Corporation	–	Note 1	7,000	$226,940	6.09%	$226,940	–
MPI	Common stock – PlayNitride Inc.	–	Note 1	380	37,088	0.35%	37,088	–
Chain-Logic International Corp.	Common stock – PlayNitride Inc.	–	Note 1	94	9,174	0.09%	9,174	–

Note 1：Financial Statement Account: Financial assets at fair value through other comprehensive income - non-current.

Attached table 2: Acquisition amount of real estate reaching 300 million NTD or more than 20% of the paid-in capital

Company acquiring real estate	Property name	Transaction Date	Transaction Amount (Foreign currency)	Payment Status	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The Company	Land, House and building	April 10,2023	$816,800	Pay in full	Nature person	Unrelated party	–	–	–	–	Refer to market quotations and professional appraisal reports	Constructing factory buildings	Classified under investment properties (please refer to Note 6(9) for details)

Attached table 3：Business relationship and important transactions between parent company and subsidiaries

a. 2023

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
0	MPI Corporation	Chain-Logic International Corp.	1	Sales revenue	$ 109,831	Note 4	1%
				Receivable accounts	$ 26,205	Note 6	-
				Advance sale receipts	$ 24,799	Note 4	-
				Other receivable accounts	$ 563	Note 8	-
				Rent revenue	$ 3,683	Note 7	-
				Other revenue	$ 94	Note 4	-
0	MPI Corporation	Lumitek (Changchou) Co. Ltd.	1	Sales revenue	$ 770	Note 4	-
				Receivable accounts	$ 256	Note 6	-
				Other receivable accounts	$ 22,044	Note 8	-
				Other revenue	$ 26,271	Note 4	-
0	MPI Corporation	MPI AMERICA INC.	1	Sales revenue	$ 833,313	Note 4	10%
				Receivable accounts	$ 499,882	Note 6	4%
				Other receivable accounts	$ 12	Note 8	-
				Advance sale receipts	$ 72,805	Note 4	1%
				Other revenue	$ 14,144	Note 4	-
				Temporary receipts	$ 982	Note 6	-
0	MPI Corporation	MPI (SUZHOU) CORPORATION	1	Sales revenue	$ 1,644,147	Note 4	20%
				Receivable accounts	$ 644,158	Note 6	5%
				Other receivable accounts	$ 25,215	Note 8	-
				Advance sale receipts	$ 85	Note 4	-
				Other revenue	$ 29,617	Note 4	-

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
0	MPI Corporation	MEGTAS CO.,LTD.	1	Sales revenue	$ 1,588	Note 4	-
				Receivable accounts	$ 1,572	Note 6	-
				Other receivable accounts	$ 307	Note 8	-
0	MPI Corporation	Celadon Systems Inc.	1	Sales revenue	$ 19,882	Note 4	-
				Receivable accounts	$ 213	Note 6	-
				Other revenue	$ 406	Note 4	-
1	Chain-Logic International Corp.	MPI Corporation	2	Sales revenue	$ 21,795	Note 4	-
				Receivable accounts	$ 12,963	Note 6	-
				Revenue from commission	$ 56,880	Note 5	1%
				Receivable Commission	$ 19,617	Note 6	-
				Other receivable accounts	$ 195	Note 8	-
				Other revenue	$ 2,450	Note 4	-
1	Chain-Logic International Corp.	Lumitek (Changchou) Co. Ltd.	3	Sales revenue	$ 309	Note 4	-
				Receivable accounts	$ 195	Note 6	-
				Advance sale receipts	$ 14	Note 4	-
1	Chain-Logic International Corp.	MPI (SUZHOU) CORPORATION	3	Sales revenue	$ 11,016	Note 4	-
				Receivable accounts	$ 2,339	Note 6	-
1	Chain-Logic International Corp.	MEGTAS CO.,LTD.	3	Revenue from commission	$ 2,218	Note 5	-
				Receivable Commission	$ 10	Note 6	-
1	Chain-Logic International Corp.	MPI AMERICA INC.	3	Sales revenue	$ 493	Note 4	-
				Receivable accounts	$ 85	Note 6	-
2	MEGTAS CO., LTD.	Chain-Logic International Corp.	3	Sales revenue	$ 5,097	Note 4	-
				Receivable accounts	$ 296	Note 6	-
2	MEGTAS CO.,LTD.	MPI (SUZHOU) CORPORATION	3	Sales revenue	$ 7,528	Note 4	
				Receivable accounts	$ 865	Note 6	

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
3	MPI (SUZHOU) CORPORATION	MPI Corporation	2	Sales revenue Revenue from commission Receivable accounts	$ 6,476 $ 15,838 $ 1,022	Note 4 Note 5 Note 6	- - -
3	MPI (SUZHOU) CORPORATION	Chain-Logic International Corp.	3	Sales revenue Receivable accounts	$ 129 $ 75	Note 4 Note 6	- -
3	MPI (SUZHOU) CORPORATION	MPI AMERICA INC.	3	Sales revenue	$ 477	Note 4	
3	MPI (SUZHOU) CORPORATION	Lumitek (Changchou) Co. Ltd.	3	Sales revenue Receivable accounts	$ 1,070 $ 104	Note 4 Note 6	- -
4	MPI AMERICA INC.	MPI Corporation	2	Sales revenue	$ 25,932	Note 4	-
4	MPI AMERICA INC.	Celadon Systems Inc.	1	Sales revenue Revenue from commission	$ 35 $ 667	Note 4 Note 5	- -
5	Lumitek (Changchou) Co. Ltd.	MPI (SUZHOU) CORPORATION	3	Sales revenue Other revenue Receivable accounts Other receivable accounts	$ 1,187 $ 1,610 $ 335 $ 43	Note 4 Note 4 Note 6 Note 8	- - - -
6	Celadon Systems, Inc.	MPI Corporation	2	Sales revenue Receivable accounts	$ 238 $ 121	Note 4 Note 6	- -
6	Celadon Systems, Inc.	MPI AMERICA INC.	2	Sales revenue	$ 2,801	Note 4	-
6	Celadon Systems, Inc.	Chain-Logic International Corp.	3	Sales revenue Receivable accounts	$ 3,119 $ 530	Note 4 Note 6	- -

b. 2022

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
0	MPI Corporation	Chain-Logic International Corp.	1	Sales revenue	$ 124,195	Note 4	2%
				Receivable accounts	$ 14,843	Note 6	-
				Advance sale receipts	$ 21,796	Note 4	-
				Other receivable accounts	$ 651	Note 8	-
				Rent revenue	$ 3,762	Note 7	-
				Other revenue	$ 235	Note 4	-
0	MPI Corporation	Lumitek (Changchou) Co. Ltd.	1	Sales revenue	$ 599	Note 4	-
				Receivable accounts	$ 175	Note 6	-
				Other receivable accounts	$ 17,123	Note 8	-
				Other revenue	$ 20,229	Note 4	-
0	MPI Corporation	MPI AMERICA INC.	1	Sales revenue	$ 822,847	Note 4	11%
				Receivable accounts	$ 491,178	Note 6	5%
				Advance sale receipts	$ 30,804	Note 4	-
				Other revenue	$ 12,756	Note 4	-
				Temporary receipts	$ 126	Note 6	-
0	MPI Corporation	MPI (SUZHOU) CORPORATION	1	Sales revenue	$ 1,025,718	Note 4	14%
				Receivable accounts	$ 594,420	Note 6	5%
				Other receivable accounts	$ 23,089	Note 8	-
				Other revenue	$ 25,762	Note 4	-
0	MPI Corporation	MEGTAS CO.,LTD.	1	Sales revenue	$ 3,437	Note 4	-
				Receivable accounts	$ 1,297	Note 6	-
				Other receivable accounts	$ 307	Note 8	-
0	MPI Corporation	Celadon Systems Inc.	1	Sales revenue	$ 151	Note 4	-

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
1	Chain-Logic International Corp.	MPI Corporation	2	Sales revenue	$ 23,248	Note 4	-
				Receivable accounts	$ 11,219	Note 6	-
				Revenue from commission	$ 43,724	Note 5	1%
				Receivable Commission	$ 22,004	Note 6	-
				Other receivable accounts	$ 149	Note 8	-
				Other revenue	$ 1,701	Note 4	-
1	Chain-Logic International Corp.	Lumitek (Changchou) Co. Ltd.	3	Sales revenue	$ 1,464	Note 4	-
				Receivable accounts	$ 17	Note 6	-
1	Chain-Logic International Corp.	MPI (SUZHOU) CORPORATION	3	Sales revenue	$ 13,831	Note 4	-
				Receivable accounts	$ 668	Note 6	-
1	Chain-Logic International Corp.	MEGTAS CO.,LTD.	3	Revenue from commission	$ 1,841	Note 5	-
1	Chain-Logic International Corp.	MPI AMERICA INC.	3	Sales revenue	$ 271	Note 4	-
1	Chain-Logic International Corp.	Chain-Logic TRADING Corp.	1	other unearned revenue	$ 3	Note 8	-
2	MEGTAS CO., LTD.	Chain-Logic International Corp.	3	Sales revenue	$ 4,454	Note 4	-
2	MEGTAS CO.,LTD.	MPI (SUZHOU) CORPORATION	3	Sales revenue	$ 6,426	Note 4	
				Receivable accounts	$ 362	Note 6	
3	MPI (SUZHOU) CORPORATION	MPI Corporation	2	Sales revenue	$ 1,526	Note 4	-
				Revenue from commission	$ 16,152	Note 5	-
				Receivable accounts	$ 2,672	Note 6	
				Receivable Commission	$ 4,124	Note 6	-
3	MPI (SUZHOU) CORPORATION	Chain-Logic International Corp.	3	Sales revenue	$ 2,710	Note 4	-
				Receivable accounts	$ 202	Note 6	-
3	MPI (SUZHOU) CORPORATION	Lumitek (Changchou) Co. Ltd.	3	Sales revenue	$ 134	Note 4	-

No. (Note 1)	Trader	Trading counterpart	Affiliation with trader (Note 2)	Status of transaction			
				Title	Amount	Trading terms and conditions	To consolidated operating revenue or total assets (Note 3)
4	MPI AMERICA INC.	MPI Corporation	2	Sales revenue Other revenue	$ 16,473 $ 4	Note 4 Note 4	- -
5	Lumitek (Changchou) Co. Ltd.	MPI (SUZHOU) CORPORATION	3	Sales revenue Other revenue	$ 432 $ 77	Note 4 Note 4	- -
6	Celadon Systems, Inc.	MPI Corporation	2	Repairs and Maintenance Income Receivable accounts	$ 2,672 $ 997	Note 4 Note 6	- -
6	Celadon Systems, Inc.	MPI AMERICA INC.	2	Sales revenue Receivable accounts	$ 1,732 $ 1,403	Note 4 Note 6	- -

Note 1: Transactions between parent company and its subsidiaries are numbered as follows:

(1) "0" for parent company.

(2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related-party transactions are divided into the three categories as follows (If it refers to the same transaction between parent company and subsidiary or subsidiary and subsidiary, the transaction is not required to be disclosed repeatedly. For example, if the parent company has disclosed any transaction between it and its subsidiary, the subsidiary is not required to disclose the same transaction again. If either of the subsidiaries which trade with each other has disclosed the transaction, the other subsidiary is not required to disclose the same transaction again.)

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: For assets and liabilities, the proportion to the consolidated total income or total assets is shown as the Ratio of Shareholding to the consolidated total assets for the years ended on Dec.31. For income, it shall be shown as a Ratio of Shareholding to the consolidated Total incomes for the years ended on Dec 31.

Note 4: Processed under the general trading conditions and price.

Note 5: Based on the price agreed by both parties.

Note 6: O/A 60~210 days, same as that applicable to the general customers or suppliers.

Note 7: Based on the rent agreed by both parties.

Note 8: Out-of-pocket expenses of the general expenditure.

(2) Information on investees

The information about name, territory, business lines, original investment amount, shares held at ending, income and investment income recognized in the current period of the investees in which the Group may exert material influence or control directly or indirectly (exclusive of investees in Mainland China) for the year ended December 31, 2023 is stated as following:

Investor	Investee	Territory	Business lines	Original investment amount		Held at ending			Investee income recognized in current period (Note 1)	Investment income recognized in the current period (Note 2) (Note 3)	Remark
				End of the period	End of last year	Quantity	Ratio	Book value			
MPI Corporation	MPI TRADING CORP.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Trading of probe cards and semi-automatic probers	$ 32	$ 32	1,000	100%	$ 57,266	$(986)	$(986)	Subsidiary of MPI Corporation
MPI Corporation	MMI HOLDING CO.,LTD.	Offshore Chambers, P.O.BOX 217, APIA,SAMOA	Holding company	$ 573,502	$ 573,502	18,267,987	100%	$ 842,201	$ 166,668	$ 169,183	Subsidiary of MPI Corporation
MPI Corporation	MEGTAS CO.,LTD.	134 Gunseo-ri, Jikson-eub, Seobuk-gu, Cheonan, Chungnam,331-811, Korea	Manufacturing, processing and sale of semi-conductor equipment and industrial mechanical spare parts, and manufacturing and sale of pottery and electronic spare parts	$ 53,767	$ 53,767	400,000	80%	$ 23,517	$ (11,622)	$ (8,801)	Subsidiary of MPI Corporation

MPI Corporation	Chain-Logic International Corp.	2F, No. 988, Litoushan Sec., Wunshan Rd., Hsinpu, Hsinchu County	Professional agent of semi-conductor	$ 50,000	$ 50,000	5,000,000	100%	$ 261,284	$ 47,212	$ 46,847	Subsidiary of MPI Corporation
MPI Corporation	Allstron Corporation	No. 8, Lane 98, Jiaren Street, Neighborhood 36, Xinan Vil., Zhubei City, Hsinchu County	High-frequency wafer measurement probe card manufacturer	$ 50,000	$ 50,000	1,550,000	100%	$ 1,090	$ (373)	$ (373)	Subsidiary of MPI Corporation
MPI Corporation	MPA TRADING CORP.	Vistra (Anguilla) Limited, Vistra Corporate Services Centre, Albert Lake Drive, The Valley, Anguilla, British West Indies.	Holding company	$ 321,352	$ 321,352	11,450,000	100%	$ 42,618	$ (4,952)	$ (7,119)	Subsidiary of MPI Corporation
Chain-Logic International Corp.	CHAIN-LOGIC TRADING CORP.	Offshore Incorporations (Mauritius) Limited, G.P.O.BOX 365,307 St James Court, St Denis Street, Port Louis, Republic of Mauritius.	Primarily engaged in international trading	$ —	$ 3,724 (Note4)	—	—	$ —	$ —	—	Subsidiary of Chain-Logic International Corp.
MPA TRADING CORP.	MPI America Inc.	2360 QUME DRIVE,SUITE C,SAN JOSE,CA	Trading of probe cards and semi-automatic probers	$ 319,837	$ 319,837	6,300,000	100%	$ 48,811	$ (4,917)	—	Subsidiary of MPA TRADING CORP.
MPI AMERICA INC.	Celadon Systems Inc.	13795 Frontier Ct Burnsville, Minnesota 55337 , USA	Selling and manufacturing of Probe Card , Test Equipment and High-performance cables	$ 283,471	$ 283,471	1,000	100%	$ 375,604	$ 34,608	—	Subsidiary of MPI AMERICA INC.

Note 1: Except MEGTAS CO., LTD., MPI AMERICA INC., and Celadon Systems Inc. which were audited by other external auditors commissioned by it instead of the Company's external auditors. The others were audited by CPA of the parent company.

Note 2: The investment income recognized in the current period includes the investment income recognized under equity method and realized (unrealized) gain recognized from upstream/side stream transactions.

Note 3: The subsidiaries' income recognized in the current period includes the investment income to be recognized for their re-investment pursuant to the requirements.

Note 4: The subsidiary of the Group – CHAIN-LOGIC TRADING CORP. has reduced the cash capital US$1,100,000 (equivalent to NT$34,234 thousand) in July 2019 and US$300,000 (equivalent to NT$8,963 thousand) in January 2020. As of December 31, 2022, the Group has invested a total of US$100 in the subsidiary, CHAIN-LOGIC TRADING CORP., totaling 100 shares, at the par value of US$1 per share. The Group's shareholding was 100%.

A motion for the liquidation of the subsidiary – CHAIN-LOGIC TRADING CORP. – was submitted due to its lack of substantial operations. The agent applied for deregistration, which was approved by the ROC in June 2022. The liquidation amount of US$88.27 (equivalent to NT$3 thousand) was remitted in December 2022. The liquidation was completed in 3 November, 2023 and recognized loss on disposal of investment amount of NT$3,737 thousand. The liquidation is approved by the Department of Investment Review, Ministry of Economic Affairs.

(3) Information on investments in Mainland China

A. Information related to investments in the territories of Mainland China

Name of Chinese investee	Business lines	Paid-in capital	Mode of investment	Accumulated investment balance, beginning	Amount remitted or recovered in the current period		Accumulated investment balance, ending	Investee income recognized in current period	Direct and indirect shareholding of the Company	Investment income recognized in the current period (Note 2)	Book value, ending	Accumulated investment income received until the end of period
					outflow	inflow						
Lumitek (Changzhou) Co. Ltd.	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED process equipment, mechanical equipment and spare parts.	USD 16,000,000 ($ 502,470)	(Note 1)	USD 16,000,000 ($ 502,470)	-	-	USD 16,000,000 ($ 502,470)	$ 17,120	100 %	$ 17,120	$ 600,087	—
MPI (Suzhou) Corporation	R&D and production of LED semi-conductor LED chips, spare parts of calculators, LED process equipment, and new electronic components; procurement, wholesale, commissioned agency and import/export of electronic materials, electronic components, electronic products, LED	USD 2,000,000 ($60,180) Registered capital USD 3,000,000 ($ 90,270)	(Note 1)	USD 2,000,000 ($60,180)	-	-	USD 2,000,000 ($60,180)	$ 149,473	100 %	$ 149,473	$245,082	—

	process equipment, mechanical equipment and spare parts.												

Note 1: Reinvest the company in Mainland China via the offshore subsidiary, MMI HOLDING CO., LTD.

Note 2: The recognition of investment income was on the basis of the financial statement audited by CPA of the parent company.

B. Information related to ceiling on investment in Mainland China

Accumulated amount of remittance from Taiwan to Mainland China at the end of period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note)
USD 18,000,000 (NTD 562,650)	USD 19,410,272.42 (NTD 611,455)	NTD 4,572,299

Note 1: The ceiling shall be the higher of the net worth or 60% of the consolidated net worth.

Note2：(a) Investment amount approved by the Investment LEDA-ONE (Shenzhen) Co. was liquidated and Written off in May 2017 and remitted the surplus investment US$155,857.58 (equivalent to NT$4,677 thousand) to offset the investment amount approved by the MOEA. The original investment amount at US$1,800,000(equivalent to NT$54,111 thousand) is still in total of US$1,644,142.42(equivalent to NT$49,434 thousand) that could not be offset the investment amount.

(b) MJC Microelectronics(Kunshan) Co., Ltd. was transferred to Japanese MJC Corporation in March, 2018, and the transfer amount of US$2,857,000 (equivalent to NT$84,006 thousand) was used to deduct the mainland investment quota in April, 2018.

(c) MJC Microelectronics (Shanghai) Co., Ltd. was liquidated in August, 2018, and in September, 2018, the liquidation amount of US$936,870 (equivalent to NT$28,669 thousand) was used to deduct the accumulated amount of investment in Mainland China.

(d) The subsidiary of the Group – CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP. has passed the reduction of cash capital US$1,100,000 (equivalent to NT$34,234 thousand) by the Board of Directors meeting, and the amount of cash capital reduction has remitted to CHAIN-LOGIC TRADING CORP. in July, 2019. The amount was used to deduct the accumulated amount of investment in Mainland China.

(e) The subsidiary of the Group – CHAIN LOGIC (SHANGHAI) INTERNATIONAL CORP. was liquidated and written down in November, 2019. Part of the liquidation amount of US$300,000 (equivalent to NT$8,963 thousand) has remitted to Chain-Logic International Corp. by CHAIN-LOGIC TRADING CORP. in January, 2020 and was used to deduct the accumulated amount of investment in Mainland China. The Investment been approved by Commission on MOEA put on record on February 27, 2020.

C. Important transactions:

For the important transactions of the Group with the investees in Mainland China, direct or indirect, for the year ended December 31, 2023 (which have been eliminated when preparing the consolidated financial statements), please see the "Information related to the investees" and "Major business dealings and transactions between the parent company and its subsidiaries".

(4) Major shareholders information

Shares / Name of major shareholders	Total Shares Owned	Ownership Percentage
MPI Investment Corporation	8,334,626	8.84%

Note1: The table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of MPI Corporation stocks completed the process of registration and book-entry delivery in dematerialized from on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decision on trust property. Information on insider equity declaration is available on the Market Observation Post System website.

Note3: The principle of this table is based on the list of securities owners at the book closure date announced by the interim shareholders meeting without margin trading-short.

Note4: Ratio of holding shares (%) = total number of shares holding by the shareholder

/ total number of shares delivered in dematerialized form

Note5: The total number of common stock and preferred stock delivered in dematerialized form (including treasury stock) were 94,231,106 shares = 94,231,106 (common stock) + 0 (preferred stock).

14. Information by department

(1) General information

The Group primarily engages in manufacturing, processing, maintenance, import/export and trading of semi-conductor production process and testing equipments. In accordance with IFRS 8 "Operating segments", the Group has only one operating segment.

(2) To report the information about department income, assets and liabilities, and basis of measurement and reconciliation

The department income, department assets and department liabilities are consistent with those identified in the financial statements. Please see the balance sheet and comprehensive income statement.

(3) By product and labor service:

The Group engages in a single industry. Its revenue from customers is primarily generated from the sale of semi-conductor production process and testing equipment.

(4) By territory

The Group's information by territory is stated as following. The revenue is classified based on the customers' geographical locations, while the non-current assets are classified based on the geographical locations of the assets.

	2023		2022	
By territory	**Revenue**	**Non-current assets**	**Revenue**	**Non-current assets**
Taiwan	$ 2,026,993	$ 4,587,339	$ 2,356,472	$ 3,642,065
China	2,579,610	194,924	1,991,576	182,165
U.S.A.	1,208,343	306,717	1,171,816	308,834
Singapore	908,460	—	768,969	—
Korea	7,035	—	17,820	5,662
Other countries	1,416,671	—	1,132,522	—
Total	$ 8,147,112	$ 5,085,980	$ 7,439,175	$ 4,138,726

(Note) The non-current assets include property, plant and equipment, investment property, intangible assets and other assets, exclusive of financial instruments, deferred income tax assets, assets of retirement/termination benefits and non-current assets generated from insurance contract.

(5) Information about major customers

Information about the Group's revenue from the transaction with single customer accounting for 10% of the operating revenue, net:

2023：None.

2022：None.

MPI Corporation

Chairman: Ko, Chang-Lin