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DARWIN PRECISIONS CORPORATION

Annual Report for Fiscal year 2023

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------NOTICE TO READERS---

THIS IS A TRANSLATION OF THE 2023 ANNUAL REPORT OF DARWIN PRECISIONS CORPORATION. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

Passion
Quality
Innovation

DARWIN

DARWIN PRECISIONS CORPORATION
Annual Report for Fiscal year 2023

Speaker of the Company
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Title: Chief Finance Officer
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Title: Manager
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Headquarter, branches and plants
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Plant address: Plant Hukou: No.20-1, 35 and 35-1, Guangfu N. Rd., Hukou Township, Hsinchu County
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Share Transfer Agency
Name: Stock Affairs Department, Taishin Securities Co., Ltd.
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Website: https://www.tssco.com.tw
Tel: 02-2504-8125

Accounting Firm and CPAs on the Recent fiscal year Financial Statements
Name of CPAs: Shyh-Huar Kuo, CPA; Yen-Hui Chen, CPA
Name of Accounting Firm: KPMG Taiwan
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Website: https://www.kpmg.com.tw
Tel: 02-8101-6666

Overseas Listings and Access to the Listing Information: None.
Official Website of the Company: https://www.darwinprecisions.com

Contents

Chapter I. Letter to Shareholders

Dear Shareholders,

After the end of the COVID-19 pandemic in 2023, we expected the global economy to recover gradually. However, due to global inflation, tightening monetary policy in the U.S., and continued global geopolitical tensions, the global economic growth rate declined to 3.1% from 3.5% in 2022. In the PC industry, the inventory destocking was not as expected and inflation was causing consumption crunch. Global NB sales declined (-7%), as did MNT (-11%). Due to the optimization of product portfolio and significant improvement of operational structure, Darwin Precision's shipments increased by 26% year-on-year, MNT increased by 33% year-on-year, and overall revenue grew significantly.

In 2023, the consolidated revenue was NT$17.77 billion, a 23% growth compared to 2022. The net operating loss was NT$277 million, the net income after tax was NT$115 million, and the basic earnings per share was NT$0.17.

Looking back at 2023, important achievements and progresses are as follows:

- Manufacturing:

  Upgrade factories' smart manufacturing capabilities and product quality:

  Wujiang Factory: Profitability improved significantly in the second half of the year due to the automation upgrade of the NB production line and the increase in the proportion of high-end products. Launched the 259K Brightness Enhancement Fly-cut model in mass production.

  Xiamen Factory: MNT has completed the construction and introduction of new products for Line 6 & 7; shipments grew by 33% in 2023. Completed the introduction of the brightening Fly-cut model and proceeded with mass production.
- Precision Components:
  - Low blue light MNT LCM: By adjusting the wavelength of the LED chip and re-matching other optical components, the proportion of harmful blue light can be effectively reduced to achieve the effect of low blue light eye protection.
  - Borderless MNT LCM: Through the development of highly reflective printed light guide plates and O/C process adjustment, the visual effect of borderless on all sides is achieved.
  - Automotive Mini-LEDs BLU: New technologies such as MLP and Cavity are introduced to effectively improve light efficiency and reduce the Hallo Effect.
  - Auto privacy BLU: The special double-layer backlight structure achieves the switching effect of the viewing angle. It has been tested by foreign first-tier manufacturers and is now in the product verification stage.
- System Integration:
  - Display modules with adjustable curvature: The back panel curvature can be adjusted according to customer needs, and the back panel mold does not need to be re-opened due to the different curvature.
  - Photography auxiliary display: The feature of programmable logic gate is used to develop the IP of the photography auxiliary function, and the heat dissipation structure design is used to achieve the purpose of fanless, and avoid the noise generated by the fan that rotates for heat dissipation.
  - Large high-brightness display modules: Development completed for a 75” display module with 3500 nits brightness, ensuring clear visibility in bright outdoor conditions. Additionally, a 65” display module with 4000 nits brightness has been developed, featuring 200-zone local dimming backlight control. This technology adjusts the backlight dynamically based on the displayed content, achieving energy efficiency while maintaining high brightness.
  - Rugged display: The Company has developed a 15.6" rugged display with IP66 waterproof and dustproof performance, as well as special waterproof specifications for the external connectors (HDMI / USB) of the machine, and IK8 impact protection.
  - Touch display module series: 15.6", 21.5", 23.8", 27", 32", 43", 55" series of touch display modules have been developed, suitable for various digital signage or Kiosk for

multimedia multi-function terminal.

- Touch display with Human Machine Interface (HMI):
  Completed the development of 4.3" LCD operating light controller to replace the traditional membrane key switch. The customized software enables real-time switching of control interfaces. The same version of software can be used to switch between different control interfaces and can be used for different models.

- New technologies and new businesses:
  - Construction of the UFO TOUCH non-contact button: This technology makes use of a matrix lens in conjunction with specialized graphic files to produce the illusion of floating 3D images. By integrating it with floating touch technology, a multitude of application products can be created that enable users to manipulate images in the air, thereby enhancing the intuitiveness of the operating experience.
  - Dissolvable microneedle patch: Integrated precision mold processing and electrochemical technologies and developed microneedle patch with fine structures. This product is a new transdermal delivery technology that can penetrate the stratum corneum and work directly on the dermis layer; it can be used for medical aesthetics, medical treatment, vaccines and bio-sensing applications in the future.
  - Micro-channel biomedicine and sensor chips: Combining precision mold core processing, casting, transfer technology and simulation design, we develop organ chips for biomedical applications and precision medical testing chips.
  - Development of smart field system: Combining a variety of display devices (LCD, EPD...) with the front-end device and back-end management system equipped with the operating system, and integrating various functional sensing devices and AI technology (ToF, face recognition, AI,...) to provide a complete solution.
    - The waterproof, dustproof, and corrosion-resistant design of the outdoor reflective display unit is suitable for use in outdoor marine environments.
    - AI image recognition detection and warning prevent personnel from accidentally traversing the motorcycle lane and prevent traffic accidents.
    - The mobile full-color e-paper billboard replaces paper posters and can broadcast information such as boarding routes, government decrees, and advertisements.
    - AI-based virtual smart customer service that provides information such as sightseeing and transportation through intuitive dialogue and interaction, and supports multiple languages.

Overall Business Environment and Industry Trends:

The global PC market is expected to grow in 2024, mainly due to the strong PC replacement trend that will occur in 2024, and the substantial growth of gaming PCs. TrendForce expects the global notebook market to exhibit moderate growth in 2024, with an annual growth rate of about 3.6%, to 172 million units:

- It is expected that the inventory of major notebook manufacturers will gradually disappear.
- Slowing inflation.
- The market expects the U.S. Fed to start cutting interest rates.
- The generational change of Microsoft operating system is expected to drive the demand for notebook replacement.

In addition, the AI PC topic will continue to flourish in 2024. At the same time, when combined with the Copilot hotkeys of Microsoft's Windows 11 operating system, it is expected to drive the strong momentum of PC growth in the next two to three years.

As for automotive display panels, ITRI pointed out that automotive panels will be the fastest growing application market, with shipments of 200 million units in 2023, and the related production value will reach US$10 billion in 2026. The compound growth rate (CAGR) was 8.1% for 2022 to 2026.

The display-related industry is expected to rebound from the trough this year and grow.

Business Strategy and Outlook

Looking forward to 2024, the Company will focus on achieving steady profits while strengthening technology development and strategic cooperation to lead the Company's future development:

- Strengthen cooperation with MNT customers for high-end models, transform the four-sided borderless production line and introduce models into mass production, and increase the proportion of OEM+ products to increase the capacity utilization rate.
- Improve NB BL automatic assembly capacity and establish the capacity to undertake high-end NB manufacturing.
- Strengthen the order-taking capacity of in-vehicle BLU in the mainland china market and international market, and establish the automotive market with potential growth in the future:
  - For client products, complete the automotive market realization of collimated back light (CBL) components and also enter mass production; its application fields include: privacy display applications and brightened energy-saving display applications.
  - Promote the introduction of Mini LED backlight module GLP thinning technology in automotive displays.
- P-Device Precision Metal Mask (FMM): Execute strategic transformation and reduce losses.
- Continued to promote the microneedle technology, developed different base formulas for different application fields, and carried out supporting development for mass production automation.
- Key technology development:
  - Aim for high-end MNT LCM, with two main targets: one is four-sided borderless high-end panels, and the other is LCD modules with high color saturation and low blue light. It is hoped to gradually change the product group and increase gross profit.
  - In response to the trend of multiple screens per vehicle and the size enlargement of automotive displays, we combine optical design and ultra-precision processing technology to lock in three high value-added applications of switchable viewing angle backlights, Mini LED backlights, and curved surfaces, and accelerate the layout and formation of technology patents Task force team to accelerate product promotion.
  - Develop peripheral products related to photography auxiliary displays, such as image wireless transmission modules, which can transmit or receive images wirelessly when paired with photography auxiliary displays to increase the competitiveness of display products.
  - Research and functional development and verification are conducted for some individual fields (such as military regulations, navigation, transportation, medical care, etc.), such as sunshine requirements, salt spray requirements, vibration requirements, etc., in order to expand the application of displays in new fields.
  - The display combined with SBC (Single Board PC) product application has the function of network connection and can be applied to mass transportation display, Kiosk, etc.
  - The micro-needle patch technology continues to improve and is moving towards the stage of mass production. Samples are first moving towards the field of medical aesthetics, and research and development of whitening and anti-wrinkle skin care products are being carried out. Later, they are developed into the field of medicine and pharma.
  - The Organ-On-a-Chip technology continues to focus on potential projects, cultivate different types of application fields, develop micro-channel simulation technology, and simultaneously integrate the development of chip and observation system equipment, hoping to provide one-stop service for downstream customers and shorten the time for customers to develop new products.
  - The pandemic prevention benefits of floating touch have attracted wide attention among the mall elevators in Taipei 101, and the Company has actively expanded it to more end-owners such as department stores, hospitals, construction companies, and public venues. With the continuous breakthrough of UFO TOUCH technology, it can be extended to public places such as ATM machines, ticket machines and cash registers (POS machines) in the future.
  - Advanced field applications: Combine AI algorithms, dedicated cameras and other

advanced technologies to develop complete solutions, such as commodity promotion and shelf inventory management, real-time traffic monitoring and improvement, etc., to strengthen the expansion of the application of innovative display technology in retail, mobile and other fields.

The global economic environment is still in a consolidation phase, but the worst has passed. We have seen rapid developments in AI chips and applications, which will drive the upcoming replacement wave. The Darwin team is fully committed to preparing for the market recovery, moving towards long-term stable management in dual-axis business, and continuing on the path to profitability.

Kuo-Hsin (Michael) Tsai, Chairman and CSO	Sheng-Kai (SK) Huang, President

Chapter II. Company Profile

I. Foundation Date: October 13, 1989

II. Company History:

Fiscal year	Month	Key Event
1989	October	Foundation of Forhouse Corporation was established, with the capital of NTD5,000,000, to produce electronic dartboards.
1993	September	The electronic dartboard products were awarded with the Taiwan SMEs Innovation Award by Ministry of Economic Affairs.
1994	November	Invested in Fullhouse Plant in Malaysia.
1995	May	The capital was increased to NTD30,000,000 and the Company was restructured as a limited share company.
1997	November	The capital was increased to NTD190,000,000; the plant, machines and equipment were planned for Shengang Plant; and the Company aggressively engaged in the development of backlight module products.
1998	July	The Securities and Future Commission, MOF approved the public listing of the Company’s shares.
1998	October	The capital was increased to NTD300,000,000 to expand the operating scale.
1999	October	The capital was increased to NTD409,000,000.
	October	Certified with ISO 9001 International Quality by AJAEQS. The new product of backlight modules began mass production.
2000	September	The capital was increased to NTD485,000,000.
2001	April	Applied to Taipei Exchange for share listing.
2001	July	The construction of new plant in Daya commenced.
2001	October	Invested in Forhouse Electronics (Suzhou) Co., Ltd. in China.
	October	The new consumer electronics product of electric treadmills began mass production.
2001	December	The capital was increased to NTD700,000,000.
2002	January	The shares were officially listed on the Taipei Exchange.
2002	August	The capital was increased to NTD860,000,000.
	August	Invested in Fortech Electronics (Suzhou) Co., Ltd. in China.
2002	December	Daya Plant was officially commissioned.
2003	September	The capital was increased to NTD966,000,000.
2004	August	The capital was increased to NTD1,160,000,000.
2004	November	The capital was increased to NTD1,272,000,000.
2005	January	The capital was increased to NTD1,314,000,000.
2005	February	Invested in Suzhou Forplax Optronics Co., Ltd in China.
2005	March	The capital was increased to NTD1,406,000,000.
2005	May	The capital was increased to NTD1,725,000,000.
2005	June	Invested in Fortress Optronics (Shanghai) Co., Ltd. in China.
2005	December	Invested in Darwin Precisions (Suzhou) Corp., Ltd. in China.
	December	The construction of Forhouse Yuemei Plant commenced.
2006	February	Established the joint venture Evonik Forhouse Optical Polymers Corp. with the Degussa Group from Germany.
2006	March	The capital was increased to NTD2,026,000,000.
2006	April	Invested in Fortech Optronics (Xiamen) Co., Ltd. in China.
2006	June	Invested in Forhouse Electronics (Xiamen) Co., Ltd. in China.
	June	Invested in Darwin Precisions (Xiamen) Corp. in China.
2006	September	The shares are officially listed on the TWSE.
2006	October	The capital was increased to NTD2,315,818,350.
2007	March	The capital was increased to NTD2,322,638,350.
2007	May	The capital was increased to NTD2,615,257,910.
2007	October	The capital was increased to NTD2,778,569,030.

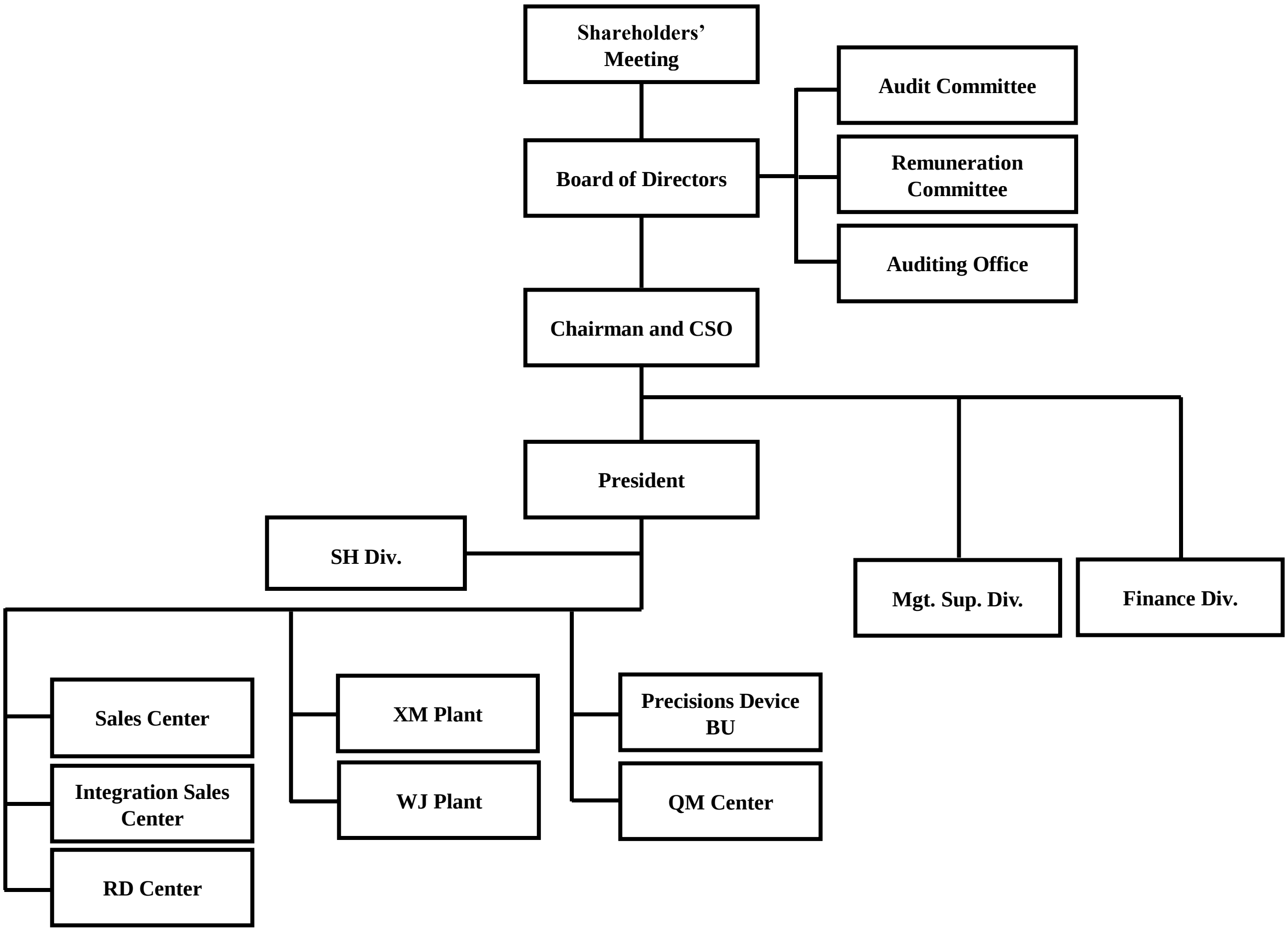
Fiscal year	Month	Key Event
2007	November	The capital was increased to NTD2,782,964,030.
2008	April	The capital was increased to NTD2,788,281,080.
2008	August	50,000 thousands common shares were issued in a private placement; the strategic investor, Darwin Precisions Corporation became the largest institutional shareholder of the Company.
2008	September	The capital was increased to NTD3,391,447,480.
2009	March	Domestic unsecured convertible corporate bonds of NTD550,000 thousands were issued via private placement.
2009	October	The capital was increased to NTD4,008,404,060.
2010	February	The capital was increased to NTD4,205,014,710.
	February	The Board of Directors approved the proposal of merger with Taiwan Nano Electro-Optical Technology Co., Ltd. on February 10, 2010.
2010	March	The capital was increased to NTD4,213,739,630.
2010	September	Merged with Taiwan Nano Electro-Optical Technology Co., Ltd. and the capital was increased to NTD5,447,142,140.
2010	November	Invested in Full luck (Wujiang) Precisions Co., Ltd. in China.
2011	April	The capital was increased to NTD5,465,926,280.
2011	July	The capital was decreased by writing off the treasury shares to NTD4,976,125,600.
2011	September	The capital was increased to NTD4,977,250,600.
2011	November	The capital was decreased by writing off the treasury shares to NTD4,739,195,600.
2012	March	The capital was increased to NTD4,739,323,100.
2012	June	The capital was increased to NTD4,817,156,330.
2012	August	The capital was increased to NTD4,817,476,330.
2013	April	The capital was increased to NTD4,818,076,330.
	April	The capital was decreased by writing off the treasury shares to NTD4,563,306,330.
2013	May	The capital was increased to NTD4,563,538,830.
2014	March	The Board of Directors approved the proposal of merger with BriView Corporation on March 11, 2014.
2014	October	The merger with BriView Corporation was completed on October 1, 2014 and the capital was increased to NTD7,812,451,140.
2014	November	On November 20, 2014, the extraordinary shareholders’ meeting approved renaming the Company as “DARWIN PRECISIONS CORPORATION”.
2015	March	The capital was decreased by writing off the treasury shares to NTD7,499,671,140.
2015	November	The capital was decreased by writing off the treasury shares to NTD7,358,061,140.
2016	June	The capital was decreased by writing off the treasury shares to NTD7,005,161,140.
2016	November	The capital was decreased by writing off the treasury shares to NTD6,655,551,140.
2017	March	The Board of Directors approved the proposal to buy a new plant in Hukou on March 2, 2017.

Chapter III. Corporate Governance Report

I. Organization

(I) Organizational Structure

April 16, 2024



(II) Responsibilities and functions of major departments

Department	Major business
Auditing Office	Audit and assess all internal controls and recommend improvements, promote the efficiency and effective implementation of internal controls.
Safety & Health Division	Establish the regulations in terms of risk management, environment, safety and health, while planning and promoting the related objects.
Sales Center Integration Sales Center	Establish the annual plans based on the market and client demands; in charge of sales of parts and components, channel management and customer services; coordinate the related internal functions and external clients, in order to meet the operating targets by accommodating the Company's policies.
RD Center	In charge of development of new products and core technology applications, R&D project management, assessment of introducing new products and R&D Intellectual Property Management.
XM/WJ Plant	In charge of control over the production progress and materials status; maintain production equipment, environmental and occupational safety; motivate employees to pursue quality; develop or assess new testing equipment and technologies, in order to enhance efficiency and reduce manufacturing costs continuously.
Precisions Device BU	In charge of product development, production and sales with regards to FMM, new materials and next-generation FMM, while actively expanding clients, meeting the demands of clients and achieving the operational targets.
QM Center	Plan the quality management system company-wide; control the procurement, process and shipment quality, as well as the planning of the external and internal audits.
Management Support Division	Overall plan and coordinate the resources of human resource management, supply chain management, information management and sustainable management: ◆ Human resource management: formulate, publish, implement and communicate the regulations and systems related to human resources. ◆ Supply chain management: in charge of procuring raw materials, production equipment, machines and parts required for production; in charge of establishing partnership with suppliers and constructing/completing the supplier system; management of production scheduling, annual inventory management, etc. ◆ Information management: establish, improve, implement and maintain the information management system. ◆ ESG sustainable management: plan, promote and implement sustainability related business.
Finance Division	Finance, accounting, taxation and cost management; prepare financial statements, analysis, control and provide forecast report.

II. Information on the company's directors, president, vice presidents, associate vice presidents and the supervisors of each the company's departments and divisions:

(I) Directors

1. Director information

April 16, 2024; Shares Unit: thousand shares; shareholding percentage: %

Title	Nationality or place of Registration	Name	Gender Age	Date on election or inauguration	Term (year)	Date First elected	Shareholdings when elected		Current shareholdings		Shareholdings of spouses and minor children		Shareholdings by nominee arrangement		Major industrial/ educational background	Positions concurrently serving in the Company and other companies
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage		
Director	Republic of China	AUO Corporation	-	June 14, 2023	3	November 20, 2014	190,108	28.56	190,108	28.56	0	0.00	0	0.00	Note 1	Note 1
Representative of the Director, Chairman and CSO	Republic of China	Kuo-Hsin (Michael) Tsai	Male Age 51~60	June 14, 2023	3	September 9, 2019	275	0.04	432	0.06	0	0.00	0	0.00	Note 1	Note 1
Representative of the Director, President	Republic of China	Sheng-Kai (SK) Huang	Male Age 51~60	June 14, 2023	3	June 12, 2020	296	0.04	424	0.06	0	0.00	0	0.00	Note 1	Note 1
Representative of the Director	Republic of China	Frank Ko	Male Age 41~50	June 14, 2023	3	June 12, 2020	0	0.00	0	0.00	0	0.00	0	0.00	Note 1	Note 1
Director	Republic of China	Feng-Cheng Su	Male Age 61~70	June 14, 2023	3	June 14, 2023	42	0.01	100	0.02	0	0.00	0	0.00	Note 1	Note 1
Independent Director	Republic of China	I-Shih Chen	Male Age 71~80	June 14, 2023	3	November 20, 2014	0	0.00	0	0.00	7	0.00	0	0.00	Note 1	Note 1
Independent Director	Republic of China	Cheng-Chung Li	Male Age 51~60	June 14, 2023	3	June 12, 2020	0	0.00	0	0.00	0	0.00	0	0.00	Note 1	Note 1
Independent Director	Republic of China	Huei-Shih Lung	Female Age 61~70	June 14, 2023	3	August 18, 2021	0	0.00	0	0.00	0	0.00	0	0.00	Note 1	Note 1

Other officers, directors or supervisors who are spouses or relatives within the second degree of kinship: None
Where the chairman of the board of directors and president or person of an equivalent post (the highest level managerial officer) of a company are the same person, spouses or relatives within the first degree of kinship, an explanation shall be given as the reason for, reasonableness, necessity thereof and the measures adopted in response thereto: None.

The Company has issued a total of 665,555 thousand common shares.
The Company re-elected all the seven directors in the annual general shareholders' meeting on June 14, 2023.

Note 1: Major industrial/educational background and positions concurrently serving in the Company and other companies by each director:

Title	Name	Major industrial/educational background	Positions concurrently serving in the Company and other companies
Director	AUO Corporation	-	Director, Qisda Corporation Director, AUO Crystal Corporation Director, Konly Venture Corp. Director, Rongly Venture Corp. Director, Star River Energy Corp. Director, Star Shining Energy Corporation Director, Space Money Inc. Director, AUO Envirotech Inc. Director, AUO Display Plus Corporation Director, Da Ping Green Energy Corporation Director, AUO Health Inc. Director, AUO Care Inc. Director, ADLINK TECHNOLOGY INC. Director, ENNOSTAR Inc. Director, SINTRONES Technology Corp.
Representative of the Director, Chairman and CSO	Kuo-Hsin (Michael) Tsai	Executive MBA, National Chiao Tung University President and COO, AUO Corporation	CSO, DARWIN PRECISIONS CORPORATION Chairman, Darwin Precisions (L) Corp. Chairman, Darwin Precisions (Hong Kong) Limited Chairman, FORHOUSE INTERNATIONAL HOLDING LTD. Chairman, FORTECH INTERNATIONAL CORP. Chairman, FORWARD OPTRONICS INTERNATIONAL CORPORATION Chairman, FOREFRONT CORPORATION Director, Shine Biomedical Technology Corporation
Representative of the Director, President	Sheng-Kai (SK) Huang	Master of Business Administration EMBA, National Taiwan University Master of Physics, National Cheng Kung University Vice President of Manufacturing Business, AUO Corporation Chairman and President, AUO Envirotech Inc.	President, DARWIN PRECISIONS CORPORATION Director, Darwin Precisions (L) Corp. Director, FORHOUSE INTERNATIONAL HOLDING LTD. Director, FORTECH INTERNATIONAL CORP. Director, FORWARD OPTRONICS INTERNATIONAL CORPORATION Director, FOREFRONT CORPORATION Chairman, Darwin Precisions (Xiamen) Corp. Chairman, Fortech Electronics (Suzhou) Co., Ltd. Chairman, Suzhou Forplax Optronics Co., Ltd. Chairman, Forhouse Electronics (Suzhou) Co., Ltd.
Representative of the Director,	Frank Ko	Ph.D., Photonics, National Chiao Tung University CEO and President, AUO Corporation Chairman and CEO, E INK HOLDINGS INC.	Director, AUO Corporation CEO and President, AUO Corporation Director, ADLINK TECHNOLOGY INC. Director, AUO Display Plus Corporation Director, AUO Health Inc. Director, AUO Display Plus America Corp. Director, AUO Display Plus Netherlands B.V. Director, Rise Vision Incorporated Director, AUO Foundation Director, Heilongjiang Talenda Smart Display Technology Co., Ltd. Chairman, AUO (L) Corp. Chairman, AUO Manufacturing (Shanghai) Co., Ltd. Chairman, AUO (Suzhou) Co., Ltd. Chairman, AUO (Kunshan) Co., Ltd. Chairman, AUO (Xiamen) Co., Ltd. Chairman, AUO (VIETNAM) COMPANY LIMITED
Director	Feng-Cheng Su	Ph.D. , Materials Science and Engineering, State University of New York, Stony Brook Chairman, Lextar Electronics Corp. Vice President, AUO Corporation	Director, Hexawave, Inc. Director, TYNTEK CORPORATION Director, GCS HOLDINGS, INC. Director, WellyWave Semiconductors Inc. Director, Unikorn Semiconductor Corporation Director, Wellybond Optronics (H.K.) Corporation Executive Vice President, Ennostar Inc.
Independent Director	I-Shih Chen	Master of Management Science, National Chiao Tung University Chairman, Apacer Technology Inc. Vice President, Acer Inc.	Chairman and CSO, Apacer Technology Inc. Director, Apacer Technology (BVI) Inc. Director, JOIIUP TECHNOLOGY INC. Director, OTO PHOTONICS INC.
Independent Director	Cheng-Chung Li	Ph.D., Materials Engineering, National Chiao Tung University Master of Business EMBA, Stanford University Deputy General Director of Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute Deputy Director of Display Center Director Room, Industrial Technology Research Institute	Deputy General Director of Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute

Title	Name	Major industrial/educational background	Positions concurrently serving in the Company and other companies
Independent Director	Huei-Shih Lung	Bachelor, Department of Business Administration, National ChengChi University Chairman, HsiangLung Investment Co. Ltd. Chairman, Aserve Technology Corp. Chief Accounting Officer, Acer Incorporated	Chairman, HsiangLung Investment Co. Ltd. Chairman, Aserve Technology Corp. Independent Director and member of Remuneration Committee, AOPEN Incorporated Independent Director and member of Remuneration Committee, ProLight Opto Technology Corporation Independent Director and member of Remuneration Committee, Acer Cyber Security Inc.

2. Major shareholders of institutional shareholders

Name of institutional shareholder	Major shareholders of the institutional shareholder	
	Name	Shareholding percentage (%)
AUO Corporation (Note)	Qisda Corporation	6.90
	Trust Holding for Employees for AUO Corporation	5.08
	Quanta Computer Inc.	4.61
	Yuanta Taiwan Dividend Plus ETF	2.99
	ADR of AUO Corporation	2.44
	New Labor Pension Fund	1.97
	Nan Shan Life Insurance Co., Ltd.	1.62
	Morgan Stanley & Co. International Plc	1.35
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.92
	J.P. MORGAN SECURITIES LTD	0.85

Note: Source: The company’s annual report of 2023 and entries recorded on the shareholders’ register disclosed on the date of book closure, August 18, 2023.

3. Major Shareholders of institutional shareholder who are the major shareholders of the Company's institutional shareholders

Name of institution	Major shareholder of the institution	
	Name	Shareholding percentage (%)
Qisda Corporation (Note 1)	AUO Corporation	17.04
	Acer Incorporated	4.55
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.38
	Konly Venture Corp.	2.55
	DARFON ELECTRONICS CORP	2.03
	Citybank Taiwan Limited in custody for Norges Bank	1.23
	ESUN COMMERCIAL BANK, LTD.	1.02
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	0.98
	New Labor Pension Fund	0.97
	Polunin Developing Countries Fund, LLC	0.97
Quanta Computer Inc. (Note 2)	Chien Yu Investment Co., Ltd.	14.82
	Barry Lam	10.76
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (Custodian: TaiShin Bank)	2.38
	C.C. Leung	2.14
	He Sa Trust	2.07
	New Labor Pension Fund	1.99
	Yuanta Taiwan Dividend Plus ETF	1.81
	Nan Shan Life Insurance Co., Ltd.	1.77
	Yi Chia Xin Investment Company Ltd.	1.60
	Cathay Life Insurance Co., Ltd.	1.56
Nan Shan Life Insurance Co., Ltd. (Note 3)	Ruen Chen Investment Holding Co., Ltd.	89.55
	RUEN HUA DYEING & WEAVING Co., Ltd.	1.34
	Y. T. Du	1.16
	RUEN TAI SHING Co., Ltd.	0.97
	RUENTEX DEVELOPMENT Co., Ltd.	0.23
	RUENTEX INDUSTRIES Ltd.	0.21
	Yen Sin Corporation	0.16
	Ruentex Leasing Co., Ltd.	0.12
	Chi-Pin Investment Company	0.11
	Pan City Co., LTD	0.09

Note 1: Source: The company's annual report of 2022 and entries recorded on the shareholders' register disclosed on the date of book closure, March 31, 2023.
Note 2: Source: The company's annual report of 2022 and entries recorded on the shareholders' register disclosed on the date of book closure, April 18, 2023.
Note 3: Source: The company's website disclosed on the date, March 31, 2024.

4. Professional qualifications of directors and independence of independent directors

<table>
<tr><th>Criteria
Name</th><th>Professional Qualifications and Experience</th><th>Independent Directors' Independence Status</th><th>Number of other public companies where the Director concurrently serves as an Independent Director</th></tr>
<tr><td>Representative of the Director, Kuo-Hsin (Michael) Tsai</td><td rowspan="4">◆Please refer to page 9~11 of the annual report for the individual Director's professional qualifications and experience.
◆All directors have extensive practical work experience related to the Company's industry, and are familiar with the overall business environment and development trend of the industry.
◆All directors have the practical management experience of the chairman or general manager of listed companies, and have the ability to identify the company's operational risks and be familiar with organizational operation.
◆None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</td><td rowspan="4">Not Applicable</td><td>0</td></tr>
<tr><td>Representative of the Director, Sheng-Kai (SK) Huang</td><td>0</td></tr>
<tr><td>Representative of the Director, Frank Ko</td><td>0</td></tr>
<tr><td>Director, Feng-Cheng Su</td><td>0</td></tr>
<tr><td>Independent Director, I-Shih Chen</td><td>◆Please refer to page 9~11 of the annual report for the individual Director's professional qualifications and experience.
◆Possessed the practical management experience of the chairman of a listed company, and have the management ability to identify the company's operational risks and be familiar with the organization's operation.
◆The Director has not been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</td><td rowspan="3">1. All of the following situations apply to each and every of the Independent Directors:
◆Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and"Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2) issued by Taiwan's Securities and Futures Bureau.
◆Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a"non-audit service".
2. Please refer to page 9 of the annual report for the number and proportion of the Company's shares held by independent director (or nominee arrangement) as well as his/her spouse and minor children, all of whom are qualified for independence.</td><td>0</td></tr>
<tr><td>Independent Director, Cheng-Chung Li</td><td>◆Please refer to page 9~11 of the annual report for the individual Director's professional qualifications and experience.
◆Possessed advanced technology development and management capabilities related to the Company's industry, and have extensive practical work experience in high-level technology research institute.
◆The Director has not been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</td><td>0</td></tr>
<tr><td>Independent Director, Huei-Shih Lung</td><td>◆Please refer to page 9~11 of the annual report for the individual Director's professional qualifications and experience.
◆Possessed professional knowledge of finance and accounting and extensive practical work experience .
◆The Director has not been in or is under any circumstances stated in Article 30 of the Company Law. (Note 1)</td><td>3</td></tr>
</table>

Note 1: A person shall not act as a managerial officer for a company, and if so appointed, must be immediately discharged if they have been:

1. Convicted for a violation of the Statutes for the Prevention of Organizational Crimes and: has not started serving

the sentence; has not completed serving the sentence; or five years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.

2. Convicted for fraud, breach of trust or misappropriation, with imprisonment for a term of more than one year, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.
3. Convicted for violation of the Anti-Corruption Act, and: has not started serving the sentence; has not completed serving the sentence; or two years have not elapsed since completion of serving the sentence, expiration of probation, or pardon.
4. Adjudicated bankrupt or adjudicated to commence a liquidation process by a court, and having not been reinstated to his or her rights and privileges.
5. Sanctioned for unlawful use of credit instruments, and the term of such sanction has not expired yet.
6. If she/he does not have any or limited legal capacity.
7. If she/he has been adjudicated to require legal guardianship and such requirement has not been revoked yet.

Note 2: 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.
2. Not serving concurrently as an independent director on more than three other public companies in total.
3. During the two years before being elected and during the term of office, meet any of the following situations:
(1) Not an employee of the company or any of its affiliates.
(2) Not a director or supervisor of the company or any of its affiliates.
(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 a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.
(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 a director, supervisor, or employee of a company of which the chairman or president (or equivalent) themselves or their spouse also serve as the company's chairman or president (or equivalent).
(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.
(9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NT$500,000".

5. Diversificaitons and Independence of Board of Directors

(1) Diversifications of Board of Directors:

According to the Company's "Corporate Governance Principles", the composition of the board of directors should consider diversity, and which stipulates that members of Board of Directors should possess the knowledge, skills and qualities of their duties. To achieve the ideal goal of corporate governance, the Board of Directors should possess the following abilities: operational judgement ability, accounting and financial analysis ability, operational management ability, crisis handling and risk management abilities, industry knowledge and global market view, leadership and decision-making abilities, financial management and information security ability, e.g.

The Board of Directors of the Company consists of seven directors (including three independent directors) and the specific objectives and the achievement of diversity are as follows:

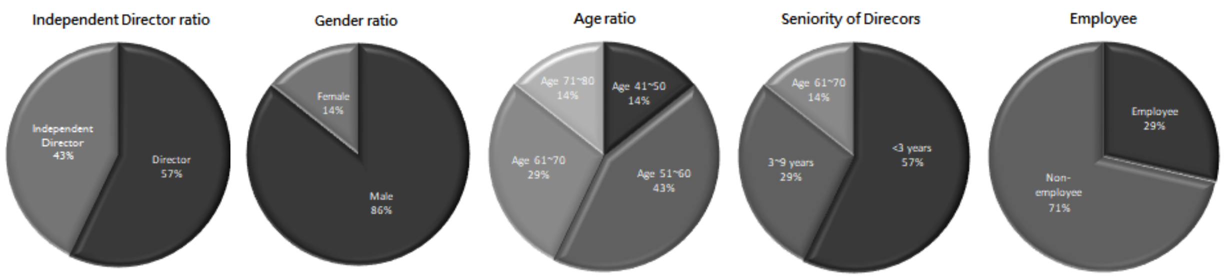
Management target	Achievement
Independent Directors are more than one third	Achieved
Directors concurrently serving as the Company's managerial officers are fewer than one third of the board members	Achieved
At least one seat of female director	Achieved

Diversifications of Board of Directors, please see as following table:

Title	Core Items of Diversifications / Name	Gender	Employee	Age				Seniority of Directors			Operations and Management	Leadership and Decision-Making	Industry Knowledge	Law, Finance or Accounting
				41~50	51~60	61~70	71~80	Less than 3 years	3~ 9 years	More than 9 years				
Chairman	Kuo-Hsin (Michael) Tsai	Male	V		V				V		V	V	V	
Director	Sheng-Kai (SK) Huang	Male	V		V				V		V	V	V	
Director	Frank Ko	Male		V					V		V	V	V	
Director	Feng-Cheng Su	Male				V		V			V	V	V	
Independent Director	I-Shih Chen	Male					V			V	V	V	V	
Independent Director	Cheng-Chung Li	Male			V				V			V	V	
Independent Director	Huei-Shih Lung	Female				V		V			V			V

The percentage of female directors of the Company is 14% and the average age of all directors is 61 years.

(2) Independence of Board of Directors: The Board of Directors of the Company consists of seven members, of which 29% of them have employee status. Four natural-person directors account for 57% of all directors, three independent direcotrs account for 43% of all directors. The term of office of one independent director is less than 3 years, the term of office of one independent director is 3~9 years, and the term of office of one independent director is more than 9 years. Independent directors are all in compliance with the regulations on independent directors of Financial Supervisory Commission. And the directors are all in compliance with Article 26-3, paragraph 3 and 4 of the Securities and Exchange Act when elected and during the term of office. There are no spouse, relative within the second degree of kinship between directors.



Reason of continuing to serve as an independent director for three consecutive terms of the Company:

The independent director has met the requirements of independence during his tenure, and has rich industry experience and the professional ability required for business execution, so that he can continue to provide supervision and professional advice by using his expertise to the Board of Directors. In consideration of the overall diversification of the members of the Board of Directors, he continues to serve as an independent director of the Company after the election.

(II) Information of president, vice presidents, associate vice presidents and the supervisors of each the company's departments and divisions

April 16, 2024; Unit: thousand shares; %

Title	Nationality	Name (Note 1)	Gender	Inauguration sate (Note 2)	Shares held		Shareholding of spouses and minor children		Shareholdings by nominee arrangement		Major industrial/educational background	Positions concurred in the Company and other companies	Managers as spouses or relative within the second degree of kinship		
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Chairman and CSO	Republic of China	Kuo-Hsin (Michael) Tsai	Male	September 10, 2019	432	0.06	0	0.00	0	0.00	Executive M.B.A., National Chiao Tung University President and COO, AUO Corporation	Note 3	None	None	None
President	Republic of China	Sheng-Kai (SK) Huang	Male	November 18, 2019	424	0.06	0	0.00	0	0.00	Master of Business Administration EMBA, National Taiwan University Master of Physics, National Cheng Kung University Vice President of Manufacturing Business, AUO Corporation Chairman and President, AUO Envirotech Inc.	Note 3	None	None	None
Vice President	Republic of China	KC Feng	Male	October 1, 2014	833	0.13	0	0.00	0	0.00	Master of EMBA, National Central University Associate Vice President, Resources and Material, AUO Corporation	None	None	None	None
Vice President & Chief Finance Officer (Note 4)	Republic of China	Kuo-Tai Ching	Male	January 1, 2008	124	0.02	0	0.00	0	0.00	Master of Risk Management and Insurance, National Cheng Chi University Department Head, Chien Hua Bank	Note 5	None	None	None
Associate Vice President	Republic of China	Martin Tsai	Male	February 25, 2019	413	0.06	0	0.00	0	0.00	MBA, Friends University Head of Resources and Material Department, AUO Corporation	None	None	None	None
Associate Vice President	Republic of China	Danny Huang	Male	February 25, 2019	338	0.05	0	0.00	0	0.00	Master of Institute of Mechanical Engineering, National Cheng Kung University President, TV Mechanism Department, AUO Corporation	None	None	None	None
Associate Vice President	Republic of China	Limbo FJ	Male	February 25, 2019	304	0.05	0	0.00	0	0.00	Bachelor, Department of Industrial Engineering, National Tsing Hua University Vice Chief of Suzhou Plant, AUO (Suzhou) Co., Ltd.	None	None	None	None
Associate Vice President	Republic of China	Allen Lan	Male	April 1, 2020	167	0.03	0	0.00	0	0.00	Master of Institute of Agricultural Machinery Engineering, National Chung Hsing University Plant Chief, AUO Corporation	Note 6	None	None	None
Associate Vice President	Republic of China	Wenbin Wu	Male	October 1, 2020	203	0.03	0	0.00	0	0.00	PhD, Institute of Chemical Engineering, National Taiwan University Department Head, AUO Corporation	None	None	None	None
Associate Vice President	Republic of China	CC Lee	Male	October 1, 2020	205	0.03	0	0.00	0	0.00	Master of EMBA, Xiamen University Master of Institute of Chemical Engineering, National Tsing Hua University Department Head, AUO Corporation	Note 7	None	None	None
Associate Vice President	Republic of China	Hermann Yen	Male	April 1, 2021	109	0.02	0	0.00	0	0.00	Master of Institute of Mechanical Engineering, Chung Yuan Christian University Department Head, AUO Corporation Department Head, Lucent Technologies, Inc.	None	None	None	None
Associate Vice President	Republic of China	Jay Chen	Male	August 1, 2023	0	0.00	0	0.00	0	0.00	Master of Mechanical Engineering, National Central University EMBA of Guanghua School of Management, Peking University Vice President, Sigma Medical Supplies Corp.	Note 8	None	None	None

Where the president or person of an equivalent post (the highest level manager) and the chairman of the board of directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None.

Note 1: Holding the position as of the publication date of the annual report.

Note 2: The date when the said person took the position for the first time.

Note 3: Please refer page 10 of the annual report for the details of the positions concurrently served.

Note 4: The Board of Directors of the Company approved the appointment of the Chief Finance Officer, Kuo-Tai Ching as Vice Presiedent on February 6, 2023.

Note 5: Director, Darwin Precisions (Xiamen) Corp.; Director, Fortech Electronics (Suzhou) Co., Ltd.; Director, Suzhou Forplax Optronics Co., Ltd.; Director, Forhouse Electronics (Suzhou) Co., Ltd.; Representative of the Director, Shine Biomedical Technology Corporation.

Note 6: Director and President, Darwin Precisions (Xiamen) Corp..

Note 7: Director and President, Fortech Electronics (Suzhou) Co., Ltd.; Director and President, Suzhou Forplax Optronics Co., Ltd.; Director and President, Forhouse Electronics (Suzhou) Co., Ltd.

Note 8: Director, DARWIN SUMMIT CORPORATION LTD.

III. Remunerations to Directors, Supervisors, President and Vice Presidents in the Recent Year

(I) Remunerations to directors and independent directors

Unit: NT$ thousands; thousand shares

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name</th><th colspan="8">Remunerations to Directors</th><th colspan="2" rowspan="2">Sum of A, B, C, and D total amounts and as percentage of net income after tax (%) (Note 8)</th><th colspan="8">Remuneration from concurrently servings as employees</th><th colspan="2" rowspan="2">Sum of A, B, C, D, E, F, and G total amounts and as percentage of net income after tax (Note 7)</th><th rowspan="4">Remuneration from investees other than subsidiaries or from the parent company (H) (Note 9)</th></tr>
<tr><th colspan="2">Wages (A) (Note 1)</th><th colspan="2">Pension upon retirement (B)</th><th colspan="2">Compensation for Directors (C) (Note 2)</th><th colspan="2">Service Expense (D) (Note 3)</th><th colspan="2">Wages, bonuses and special allowances, etc. (E) (Note 4)</th><th colspan="2">Pension upon retirement (F) (Note 5)</th><th colspan="4">Employee Compensation (G) (Note 6)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated financial statements (Note 8)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 8)</th></tr>
<tr><th>Cash amount</th><th>Share amount</th><th>Cash amount</th><th>Share amount</th></tr>
<tr><td>Director</td><td>AUO Corporation</td><td colspan="2" rowspan="6">6,000</td><td colspan="2" rowspan="6">0</td><td colspan="2" rowspan="6">554</td><td colspan="2" rowspan="6">190</td><td colspan="2" rowspan="6">6,744
5.88%</td><td colspan="2" rowspan="6">18,413</td><td colspan="2" rowspan="6">108</td><td rowspan="6">250</td><td rowspan="6">0</td><td rowspan="6">250</td><td rowspan="6">0</td><td colspan="2" rowspan="6">25,515
22.25%</td><td rowspan="6">103,411</td></tr>
<tr><td>Representative of the Director, Chairman and CSO</td><td>Kuo-Hsin (Michael) Tsai</td></tr>
<tr><td>Representative of the Director, President</td><td>Sheng-Kai (SK) Huang</td></tr>
<tr><td>Representative of the Director</td><td>Frank Ko</td></tr>
<tr><td>Director</td><td>Feng-Cheng Su (Note 12)</td></tr>
<tr><td>Director</td><td>Hsuan-Bin Chen (Note 12)</td></tr>
<tr><td>Independent Director</td><td>I-Shih Chen</td><td colspan="2" rowspan="3">4,100</td><td colspan="2" rowspan="3">0</td><td colspan="2" rowspan="3">333</td><td colspan="2" rowspan="3">150</td><td colspan="2" rowspan="3">4,583
4.00%</td><td colspan="2" rowspan="3">0</td><td colspan="2" rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td colspan="2" rowspan="3">4,583
4.00%</td><td rowspan="3">0</td></tr>
<tr><td>Independent Director</td><td>Cheng-Chung Li</td></tr>
<tr><td>Independent Director</td><td>Huei-Shih Lung</td></tr>
<tr><td colspan="23">1. Please describe the policies, systems, standards and structure of remuneration to independent directors and the connection between duties, risk, and time input with the amount of remuneration: Pursuant to the Company’s Articles of Incorporation, the Board of Directors is authorized to determine the standards for all directors’ remunerations by referring their engagement and contributions to the Company and the common level in the industry. For the directors’ compensations, where the Company has a profit before tax for each fiscal year, the Company shall set aside no more than 1% of the remaining profit for distribution to directors as compensations. And submit the amount of remuneration to the Board of Directors for approval after being reviewed by Remuneration Committee. The independent directors are natural members of the Audit Committee. Other than the remunerations to directors, they also receive reasonable remunerations based on their duties, risks borne and time engaged. Any independent director serving as a member of the Remuneration Committee also receives reasonable remunerations based on his/her duties.
2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to any companies included in the consolidated financial statement, e.g., as parent company’s, all companies in the consolidated financial statements’, investees’ advisor other than employee in the most recent year: None.</td></tr>
</table>

Table of remuneration ranges

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G+H)	
	The Company	All companies in the consolidated financial statements	The Company	Parent Company, the Company, its subsidiaries and investees (Note 10)
Less thanNT$ 1,000,000	Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang, Frank Ko, Feng-Cheng Su, Hsuan-Bin Chen	Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang, Frank Ko, Feng-Cheng Su, Hsuan-Bin Chen	Frank Ko, Feng-Cheng Su, Hsuan-Bin Chen	Feng-Cheng Su, Hsuan-Bin Chen
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	I-Shih Chen, Cheng-Chung Li, Huei-Shih Lung	I-Shih Chen, Cheng-Chung Li, Huei-Shih Lung	I-Shih Chen, Cheng-Chung Li, Huei-Shih Lung	I-Shih Chen, Cheng-Chung Li, Huei-Shih Lung
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)				
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)				
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	AUO Corporation	AUO Corporation	AUO Corporation, Sheng-Kai (SK) Huang	AUO Corporation, Sheng-Kai (SK) Huang
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)			Kuo-Hsin (Michael) Tsai	Kuo-Hsin (Michael) Tsai
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) ~ NT$100,000,000 (exclusive)				Frank Ko
Over NT$100,000,000 (inclusive)				
Total	1 Corporate Director, 3 representatives of Corporate Director, 5 Directors (included Independent Directors)	1 Corporate Director, 3 representatives of Corporate Director, 5 Directors (included Independent Directors)	1 Corporate Director, 3 representatives of Corporate Director, 5 Directors (included Independent Directors)	1 Corporate Director, 3 representatives of Corporate Director, 5 Directors (included Independent Directors)

Note 1: Refers to the remunerations of directors for 2023 (including wages, allowance, severance payment, various bonuses and incentives).
Note 2: Refers to the compensation for Directors in 2023 approved by the Board of Directors on January 29, 2024.
Note 3: Refers to the related service expenses of directors for 2023 (including transportation subsidies, special expenses, various subsidies, accommodations and other non-monetary provisions including vehicles).
Note 4: Refers to the remunerations received by the directors via concurrently serving as the Company’s employees (including positions of President, Vice Presidents, other managerial officers and employees) for 2023, including wages, allowance, severance payment, various bonuses, incentives, transportation subsidies, special expenses, various subsidies, accommodations and other non-monetary provisions including vehicles.
Note 5: Refers to the pension amounts contributed or paid pursuant to laws in 2023.
Note 6: Refers to Employee Compensation in 2023 approved by the Board of Directors on January 29, 2024, of which the amount estimated to be paid to Directors who serve concurrently as employees.
Note 7: The net income (loss) after tax refers to the net income (loss) after tax in the parent company only financial statements of 2023.
Note 8: The total amount of all remunerations paid to the Company’s directors by all the companies in the consolidated financial statements (including the Company).
Note 9: Remuneration refers to the wages and compensations (including employees’, directors’ and supervisors’ compensations) received by the Company’s directors via services as a director, supervisor, or managerial officer in investees other than subsidiaries or the parent company and the compensations related to service expenses.
Note 10: The total amount of all remunerations paid to the Company’s directors by all the companies in the consolidated financial statements (including the Company) and from investees other than subsidiaries or from parent company (the latter is not paid by the Company and is not related to the Company’s affairs).
Note 11: Supervisors’ remunerations: the Company has the Audit Committee in place, so this is not applicable.
Note 12: The Company re-elected all the seven directors in the annual general shareholders’ meeting on June 14, 2023. The Director, Feng-Cheng Su inaugurated after the re-election; the Director, Hsuan-Bin Chen was discharged after the re-election.

(II) Remunerations to President and Vice Presidents

Unit: NT$ thousands; thousand shares

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Wages (A) (Note 1)</th><th colspan="2">Pension upon retirement (B) (Note 2)</th><th colspan="2">Bonuses and special allowances (C) (Note 3)</th><th colspan="4">Employee Compensation (D) (Note 4)</th><th colspan="2">Sum of A, B, C, and D total amounts and as a percentage of net income after tax (%) (Note 5)</th><th rowspan="3">Remuneration from investees other than subsidiaries or from the parent company (E) (Note 7)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 6)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 6)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 6)</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated financial statements (Note 6)</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements (Note 6)</th></tr>
<tr><th>Cash amount</th><th>Share amount</th><th>Cash amount</th><th>Share amount</th></tr>
<tr><td>Chairman and CSO</td><td>Kuo-Hsin (Michael) Tsai</td><td rowspan="4">14,082</td><td rowspan="4">14,082</td><td rowspan="4">315</td><td rowspan="4">315</td><td rowspan="4">16,269</td><td rowspan="4">16,269</td><td rowspan="4">400</td><td rowspan="4">0</td><td rowspan="4">400</td><td rowspan="4">0</td><td rowspan="4">31,066
27.09%</td><td rowspan="4">31,066
27.09%</td><td rowspan="4">5,005</td></tr>
<tr><td>President</td><td>Sheng-Kai (SK) Huang</td></tr>
<tr><td>Vice President</td><td>KC Feng</td></tr>
<tr><td>Vice President & Chief Finance Officer</td><td>Kuo-Tai Ching (Note 8)</td></tr>
</table>

Presidents and Vice Presidents' Range of Remunerations

Range of Remunerations Paid to Each President and Vice President	Name of Presidents and Vice Presidents	
	The Company	The parent company and all investees (A+B+C+D+E)(Note 9)
Below NTD1,000,000		
1,000,000 (inclusive) ~ 2,000,000 (exclusive)		
2,000,000 (inclusive) ~ 3,500,000 (exclusive)		
3,500,000 (inclusive) ~ 5,000,000 (exclusive)		
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Sheng-Kai (SK) Huang, KC Feng, Kuo-Tai Ching	Sheng-Kai (SK) Huang, KC Feng, Kuo-Tai Ching
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	Kuo-Hsin (Michael) Tsai	Kuo-Hsin (Michael) Tsai
15,000,000 (inclusive) ~ 30,000,000 (exclusive)		
30,000,000 (inclusive) ~ 50,000,000 (exclusive)		
50,000,000 (inclusive) ~ 100,000,000 (exclusive)		
Over 100,000,000 (inclusive)		
Total	Four	Four

Note 1: Refers to the wages, allowances and severance payment of the Managerial Officers of Vice President or above for 2023.

Note 2: Refers to the pension amounts contributed or paid pursuant to the laws in 2023.

Note 3: Refers to amount of the various bonuses, incentives, transportation subsidies, special expenses, various subsidies, accommodations and other non-monetary provisions including vehicles to the Managerial Officers of Vice President or above for 2023.

Note 4: Refers to Employee Compensation in 2023 approved by the Board of Directors on January 29, 2024, of which the amount estimated to be paid to President and Vice President.

Note 5: The net income (loss) after tax refers to the net income (loss) after tax in the parent company only financial statements of 2023.

Note 6: The total amount of all remunerations paid to the Company's Managerial Officers of Vice President or above by all the companies in the consolidated financial statements (including the Company).

Note 7: Remuneration refers to the wages and compensations (including employees', directors' and supervisors' compensations) received by the Company's Managerial Officers of Vice President or above via services as a director, supervisor or managerial officer in investees other than subsidiaries or the parent company and the compensations related to service expenses.

Note 8: The Board of Directors of the Company approved the appointment of the Chief Finance Officer, Kuo-Tai Ching as Vice Presiedent on February 6, 2023.

Note 9: The total amount of all remunerations paid to the Company's Managerial Officers of Vice President or above by all the companies in the consolidated financial statements (including the Company) and from investees other than subsidiaries or from parent company (the latter is not paid by the Company).

(III) Managerial officers receiving employee compensation and state of distribution

Unit: NT$ thousands

	Title	Name	Employee Compensation - in Stock	Employee Compensation - in Cash (Note 2)	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	Chairman and CSO	Kuo-Hsin (Michael) Tsai	0	920	920	0.80%
	President	Sheng-Kai (SK) Huang				
	Vice President	KC Feng				
	Vice President & Chief Finance Officer (Note 4)	Kuo-Tai Ching				
	Associate Vice President	Martin Tsai				
	Associate Vice President	Danny Huang				
	Associate Vice President	Limbo FJ				
	Associate Vice President	Allen Lan				
	Associate Vice President	Wenbin Wu				
	Associate Vice President	CC Lee				
	Associate Vice President	Hermann Yen				
	Associate Vice President	Jay Chen				

Note 1: Employees at the Associate Vice President level or above who were in office on December 31, 2023.

Note 2: The Board of Directors approved the Employee Compensation in 2023 on January 29,2024, of which amount estimated to be paid to managerial officers.

Note 3: The net income after tax refers to the net income after tax in the parent company only financial statements of 2023.

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

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income after tax stated in the parent company only financial statements.

Unit: NT$ thousands

Item	Percentage of total remuneration amount to the parent company only net income after tax (%) for 2022	Percentage of total remuneration amount to the parent company only net income after tax (%) for 2023
The parent company only net income after tax	125,664	114,659
Percentage of the remunerations to directors paid by the Company	9.52	9.88
Percentage of the remunerations to directors paid by all companies in the consolidated financial statements (%)	9.52	9.88
Percentage of the remunerations to managerial officers of vice president level or above paid by the Company (%)	23.59	27.09
Percentage of the remunerations to managerial officers of vice president level or above paid by all companies in the consolidate financial statements (%)	23.59	27.09

2. The policies, standards and packages for payment of remuneration, as well as the procedures followed for determining remuneration, and its connection with business performance and future risk exposure.

(1) Directors

Pursuant to Article 15 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the standards for all directors' remunerations by referring their engagement and contributions to the Company and the common level in the industry. As the industry where the Company operates has an intensified competition environment and the responsibility of corporate transformation and re-organization increased significantly, the directors are paid with fixed compensations based on the duties they assumed. Among them, directors are given a bonus for serving as a chairman or as a convener or a member of the functional committee in order to reflect their service contributions and responsibilities.

Pursuant to Article 18 of the Company's Articles of Incorporation: where the Company has a profit before tax for each fiscal year, the Company shall set aside no more than 1% of the remaining profit for distribution to directors as compensations. According to the appropriation ratio of directors' compensation reviewed by the remuneration committee, where the Company has a profit before tax for each fiscal year, the Board of Directors will decide the amount of directors' compensation. And thus the correlations between the operating performance and remuneration variation is reasonable. The Board of Directors resolved to appropriate NT$887,321 as directors' compensation base on the profit before tax of parent company only financial statement in 2023 on January 29, 2024.

(2) President and Vice Presidents

The remunerations of the president and vice presidents include wages, bonus, employees' remunerations and retirement benefits. Such remunerations are determined based on the position taken, duties assumed, contributions to the Company (the assessment of contributions includes the practices of the Company's core values and operational management ability, financial and business performance indicators, and general management indicators, etc.) and by comparing with other companies in the same industry. When distributing the remuneration, the future operating risks that the Company is exposed to are taken into account and such remunerations are positively correlated to the operating performance. The remunerations of managerial officers are reviewed by the Remuneration Committee and approved by the Board of Directors.

Pursuant to Article 18 of the Company's Articles of Incorporation: where the Company has a profit before tax for each fiscal year, the Company shall set aside no less than 1% of the remaining profit for distribution to employees as remuneration. And submit the amount of remuneration to the Board of Directors for approval after being approved by Remuneration Committee. And thus the correlations between the operating performance and remuneration variation is

reasonable.
The principle for distribution of remuneration of the Company's managers is linked to their job duties and performance. In addition, the Company has a incentive program for managers, which is carried out by the Remuneration Committee who will determine the targets for rewards. Doing so loyally reflects the Company's present and future operating risks and the functions of corporate governance, and avoids using short-term profits as the sole indicator for remuneration and performance evaluation, therefore considering the contribution to the overall business operation.

IV. Implementation of Corporate Governance

(I) Operations of the Board of Directors

The Board held five meetings during 2023; the attendance of directors is summarized as follows:

Title	Name	Number of actual attendance	Number of proxy attendance	Actual attendance rate (%) (Note)	Remarks(Note 1)
Chairman	AUO Corporation Representative: Kuo-Hsin (Michael) Tsai	5	0	100	Re-elected
Director	AUO Corporation Representative: Sheng-Kai (SK) Huang	5	0	100	Re-elected
Director	AUO Corporation Representative: Frank Ko	4	1	100	Re-elected
Director	Feng-Cheng Su	3	0	100	Newly-elected Attendance required: three
Director	Hsuan-Bin Chen	2	0	100	Discharged as the term expired. Attendance required: two
Independent Director	I-Shih Chen	5	0	100	Re-elected
Independent Director	Cheng-Chung Li	5	0	100	Re-elected
Independent Director	Huei-Shih Lung	5	0	100	Re-elected

Note : [Actual number of attendance/ Number of meetings during the term of office].

Other items to be stated:

I. Where the operations of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: the Company has already established an the Audit Committee and thus the requirements of Article 14-3 are not applicable; for the explanation related to Article 14-5 of the Securities and Exchange Act, please refer to the Operation of the Audit Committee later.

(II) Other than the abovementioned matters, any resolution of the Board of Directors to which an independent director has a dissenting or qualified opinion which has been recorded or prepared as a written declaration: None.

II. Implementation of directors' avoidance of certain proposals in conflict of personal interests; the name of the director, contents of motion, reason of recusal, and voting participation shall be specified:

1. February 6, 2023, Board of Directors
   (1) Discussion of the 2022 managerial officers performance bonus and annual compensation. As the Chairman Kuo-Hsin (Michael) Tsai concurrently served as the CEO, and Director, Sheng-Kai (SK) Huang concurrently served as the President, they recused themselves pursuant to the Rules and Procedures of Board of Directors Meetings. Via inquiry to other attending directors by the acting chair, Independent Director, I-Shih Chen, the proposal was approved as it was without dissent.
   (2) Discussion of the amendment to 2023 Managerial Officers Compensation Policy, Institution, Standard and Structure. As the Chairman Kuo-Hsin (Michael) Tsai concurrently served as the CEO, and Director, Sheng-Kai (SK) Huang concurrently served as the President, they recused themselves pursuant to the Rules and Procedures of Board of Directors Meetings. Via inquiry to other attending directors by the acting chair, Independent Director, I-Shih Chen, the proposal was approved as it was without dissent.
   (3) Discussion of the 2023 incentive program for retain talents. As the Chairman Kuo-Hsin (Michael) Tsai concurrently served as the CEO and Director, Sheng-Kai (SK) Huang concurrently served as the President, they recused themselves pursuant to the Rules and Procedures of Board of Directors Meetings. Via inquiry to other attending directors by the acting chair, Independent Director, I-Shih Chen, the proposal was approved as it was without dissent.
2. June 14, 2023, Board of Directors
   (1) Discussion of appointed the members of the Company's sixth-term Remuneration Committee. As Independent Director, I-Shih Chen, Cheng-Chung Li and Huei-Shih Lung have interests in this case, they recused themselves pursuant to the Rules and Procedures of Board of Directors Meetings. Via inquiry to other attending directors by the chair, the proposal was approved as it was without dissent.
   (2) Discussion of the changes of Managerial Officers. As the Chairman Kuo-Hsin (Michael) Tsai concurrently served as the CEO, he recused himself pursuant to the Rules and Procedures of Board of Directors Meetings. Via inquiry to other attending directors by the acting chair, Independent Director, I-Shih Chen, the proposal was approved as it was without dissent.
3. July 24, 2023, Board of Directors
   (1) Discussion of the distribution of 2022 employees' remuneration and bonus for managerial officers. As the Chairman Kuo-Hsin (Michael) Tsai concurrently served as the CSO, and Director, Sheng-Kai (SK) Huang concurrently served as the President, they recused themselves pursuant to the Rules and Procedures of Board of Directors Meetings. Via inquiry to other attending directors by the acting chair, Independent Director, I-Shih Chen, the proposal was approved as it was

without dissent.

III. The cycles and periods, scopes, methods, and descriptions of the self- (or peer) assessment of the Board of Directors; and the implementation of the Board of Directors' assessment:

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Description
Annually	January 1, 2023 to December 31, 2023.	The Board of Directors, individual directors, the functional committees (Audit Committee and Remuneration Committee included) and their individual members	Internal self-assessment made by Board of Directors, individual directors, the functional committees (Audit Committee and Remuneration Committee included) and their individual members	The performance assessment of the Board of Directors include five major aspects: the degree of participation in the operation of the Company, enhancement of the Board's decision-making quality, composition and structure of Board of Directors, election of directors and continuing education, and the internal control. The performance assessment of the Audit Committee and Remuneration Committee also include five major aspects: the degree of participation in the operation of the company, awareness of the duties of functional committees, improvement of decision quality of functional committees, composition and member election of functional committees and internal control. The indicators for the performance assessment of the Board of Directors, directors and functional committees, are established based on the Company's operation and demands and consistent and suitable for the Company to implement the performance assessment.

The Company conducts the internal performance assessment in the regards of "Board of Directors," "Directors," "Functional Committees (Audit Committee and Remuneration Committee included) and their individual members", respectively. The outcomes may be categorized as "outstanding," "fair" and "to be improved."

The internal performance assessment with regards to the Board of Directors, Directors, Functional Committees (Audit Committee and Remuneration Committee included) and their individual members for 2023 have been completed. The outcomes of self-assessment are all "outstanding," without any material defects to be improved on. The assessment outcomes are to be reported in the next Board meeting after completion to the Board of Directors, and intended to serve as the reference for the performance compensations to members of the Board of Directors and the functional committees.

IV. Objective of enhancing the Board of Directors' functions in the current and recent years (*e.g.*, establishing the Audit Committee or enhancing information transparency) and the assessment to the implementation:

1. The Board of Directors is in charge of instructing the Company's strategy, supervising the management, various operations and arrangements for the corporate governance system, taking accountability for the Company and the shareholders' meetings and exercising its functions pursuant to the laws and regulations and the Articles of Incorporation or resolutions of the shareholders' meetings.
2. The Audit Committee was established in 2010, to exercise the functions required in the Securities and Exchange Act, the Company Act and other laws and regulations. Please refer to the operations of the Audit Committee described later.
3. The Remuneration Committee was established in 2011, regularly evaluates and set the wages and remunerations of directors and managerial officers, while regularly reviewing policies, systems, standards and structures of directors and managerial officers' performance appraisals, wages and remuneration. Please refer to the operations of the Remuneration Committee described later.
4. The Company re-elected the all the seven seats of Director of the thirteenth term (three independent directors included) in the annual general meeting on June 14, 2023. The seats of independent directors are over one third of total board members and thus the functions of the Board of Directors and the corporate governance are strengthened effectively. Please refer to page 14~15, page 31 of the annual report for the details of the diversification in the Board of Directors.
5. For each the Board of Directors, at least two independent directors have been attend and during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, the attendance of all independent directors in person to the board meetings is 100%. All matters referred to in Article 14-5 of the Securities and Exchange Act have been approved as the proposals were without dissent.
6. To enhance the functions of the Board of Directors, the Company encourages directors to actively attend various director continuing educational courses. There are seven directors (including independent directors) of the Company and all directors finished continuing education in 2023; with six hours of training each. The total training hours of all directors was 42 hours.
7. The Board approved the establishment of the "Corporate Governance Principles" on November 10, 2016, to which the amendments have been made from time to time for accommodating the laws and regulations or the operating needs of the Company. Recently, the latest amendments were approved in the board meeting on February 6, 2023 to continuously enhance the functions of the Board of Directors. Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in the shareholders' meetings or in the Articles of Incorporation, they shall ensure that all matters are handled according to the resolutions of the board of directors.
   The composition of Board of Directors members shall take diversification into account. Not only the directors concurrently serving as the Company's managerial officers shall not exceed one third of all directors, the proper diversification guidelines are also set in terms of operations, business model and development needs.
8. The Company was ranked in the range of 21% to 35% of TWSE listed companies and in the range of 11% to 20% of TWSE/TPEx listed companies that had market capitalization between $5 billion and $10 billion by industry in the 10th "Corporate Governance Evaluation of TWSE/TPEx Listed Companies (2023)" sponsored by TWSE.

Note: The Company re-elected all the seven directors in the annual general shareholders' meeting on June 14, 2023.

(II) Operations of the Audit Committee

The Audit Committee held four meetings during 2023; the attendance of directors is summarized as follows:

Title	Name	Number of actual attendance	Number of proxy attendance	Actual attendance rate (%) (Note)	Remarks (Note 1)
Independent Director	I-Shih Chen	4	0	100	Re-elected
Independent Director	Cheng-Chung Li	4	0	100	Re-elected
Independent Director	Huei-Shih Lung	4	0	100	Re-elected

Note: [Actual number of attendance/ Number of meetings during the term of office]

Other items to be stated:

I. Where the operations of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the Audit Committee meeting date, term, contents of motion, objections, reservations or major suggestion of Independent Directors, Audit Committee's resolution and the Company's resolution of Audit Committee's opinions:

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

Meetings of the Audit Committee (Date)	Contents of motion	Objections, reservations or major suggestion of Independent Directors	Resolutions adopted by the Audit Committee	The Company's actions in response to the opinions of the Audit Committee
5th Term 14th Meeting, (February 6, 2023)	◆ Accepted the Internal Control Systems Declaration for 2022 ◆ Accepted the 2022 Parent Company Only and Consolidated Financial Statements ◆ Approved the 2023 service items, fees and independence assessment of the Certified Public Accountant	None	Via inquiry to all attending Audit Committee members by chair, the proposal was approved as it was without dissent.	Submitted to the Board of Directors and all attending directors approved as it was without dissent.
5th Term 15th Meeting (April 25, 2023)	◆ Approved the change of CPA due to the internal adjustment of Certificated Accounting Firm ◆ Accepted the Consolidated Financial Statements for the period ended March 31, 2023 ◆ Accepted the proposal for the distribution of 2022 earnings and cash dividend			
6th Term 1st Meeting (July 24, 2023)	◆ Approved the amendment of "Internal Control Systems" ◆ Accepted the Consolidated Financial Statements for the period ended June 30, 2023			
6th Term 2nd Meeting (October 27, 2023)	◆ Approved the 2024 annual audit plan ◆ Accepted the Consolidated Financial Statements for the period ended September 30, 2023 ◆ Approved the subsidiary's funds lending			

(II) Aside from said matters, resolution(s) not approved by the audit committee but receiving the consent of two-thirds or more of all directors: None.

II. Implementation of independent directors' recusals to proposals with personal interests; the name of independent director, contents of motion, reason for recusal and voting participation shall be specified: There is no independent directors' recusals to proposals with personal interests in 2023.

III. Communication between independent directors and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication, method and results, etc.):

1. When an Audit Committee meeting is convened, CPAs, audit officer and relevant officers are invited to attend, respectively, and report and communicate with regards to various affairs with independent directors.
2. The Audit Committee at least discuss and communicate quarterly with CPAs with regards to outcomes of quarterly financial statements review or audit and relevant laws and regulations and their applicability; the Committee also independently reviews the selection of CPAs and the audit and non-audit services provided by them annually.
3. The internal audit officer performs auditing operations and regularly submits aggregated audit reports to the Audit Committee based on the annual audit plans and communicates the audit results and tracking status with members at quarterly Audit Committee meetings. The issued raised by independent directors may be replied to and communicated timely. If there is any extraordinary situation, the members of the Audit Committee shall be immediately reported to, for

2023, there was no such extraordinary situation.

(1) The communications between the Audit Committee and internal auditing officers are good. The major communications in 2023 are summarized as follows:

Date	Key points of the communications	Recommendations and outcomes
February 6, 2023	2022 Q4 aggregated audit report. “Statement of Internal Control Systems” for 2022.	No dissent
April 25, 2023	2023 Q1 aggregated audit report.	No dissent
July 24, 2023	2023 Q2 aggregated audit report.	No dissent
October 27, 2023	2023 Q3 aggregated audit report. The 2024 annual audit plan	No dissent

In addition to the above-mentioned communication through meetings, if there are any matters that require enhanced communication regarding the implementation of internal control systems, audit results or tracking operations, the independent Directors are able to communicate with the head of internal audit through telephone, e-mail or video conference at any time to strengthen the efficiency of supervision and governance. Furthermore, matters that require enhanced communication have been effectively implemented or preventive mechanisms are in place.

(2) The communications between the Audit Committee and CPAs are good. The major communications in 2023 are summarized as follows:

Date	Key points of the communications	Recommendations and outcomes
February 6, 2023	Audited report of 2022 consolidated and parent company only financial statements. Assessing the CPA service items, professional service fees and their independence for 2023. Audit Quality Indicator (AQI) disclosure Report of Certified Public Accountants and their firms Explanation of the independence, scopes and methodology of key audit or review, and financial information, among other things. Key accounting standards, explanatory letters and updates of laws and regulations related to securities management or taxation.	No dissent
April 25, 2023	Reviewd report of 2023 Q1 consolidated financial statements audit. Explanation of the independence, scopes and methodology of key audit or review, and financial information, among other things. Key accounting standards, explanatory letters and updates of laws and regulations related to securities management or taxation.	No dissent
July 24, 2023	Reviewd report of 2023 Q2 consolidated financial statements audit. Explanation of the independence, scopes and methodology of key audit or review, and financial information, among other things. Key accounting standards, explanatory letters and updates of laws and regulations related to securities management or taxation.	No dissent
October 27, 2023	Reviewd report of 2023 Q3 consolidated financial statements audit. 2023 audit plans. Explanation of the independence, scopes and methodology of key audit or review, and financial information, among other things. Key accounting standards, explanatory letters and updates of laws and regulations related to securities management or taxation.	No dissent

IV. Annual Key Tasks and Operations:

(I) Key tasks of 2023

1. Communicate the results of the audit report with the internal audit officers regularly according to the annual audit plan.
2. Communicate with CPA regularly over financial statement review or audit results in each quarter.
3. Review and audit financial reports.
4. Assessment of effectiveness of internal control system.
5. Prior review of the appointment, dismissal, remuneration and services of CPAs.
6. Evaluate the independence of CPA who provide audit and non-audit services.
7. Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
8. Legal compliance.

(II) Operation in 2023: four meetings were convened in 2023 by the Audit Committee; all proposals were approved as they were by the Audit Committee and no dissent from any independent directors.

Note 1: The Company re-elected all the seven directors in the annual general shareholders’ meeting on June 14, 2023.

(III) Supervisors' engagements in the Board of Directors: Not applicable; the Company has established the Audit Committee in 2010.

(IV) The operations of the corporate governance and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for any such deviations

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
I. Does the Company establish and disclose the Corporate Governance Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?		✓		The Company has the "Corporate Governance Principles" in place and has been revised from time to time in accordance with laws and regulations or the operating needs of the Company. The company has formulated relevant principles to protect the rights and interests of shareholders, strengthen the functions of the Board of Directors, respect the rights and interests of stakeholders, and improve information transparency, which have been disclosed on the Company's website and MOPS.	No material deviation.
II. Shareholding Structure and Shareholders' Rights	(I) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has established the "Rules and Procedures for Internal Material Information," as well as the spokesperson, deputy spokesperson, staff in charge of stock affairs. Is the Company able to handle the shareholders' advice and/or disputes effectively. The following channels are in place to handle the shareholders' advice and/or disputes: 1. Dedicated personnel 2. Investor's mailbox: ir@darwinprecisions.com 3. Consultancy hotline for shareholder's services: Stock Affairs Department, Taishin Securities Co., Ltd. (02)2504-8125 4. Investor Relations on the Company's website https://www.darwinprecisions.com	No material deviation.
	(II) Does the Company possess the list of its major shareholders who control the Company substantially as well as the ultimate controller of those major shareholders?	✓		1. The Company, as required by law, reports the changes to the shareholding, pledge and mortgage of insiders (directors, managerial officers and major shareholders with 10% or more stake) to "MOPS" designated by the competent authorities monthly. 2. The Company complies with the internal regulations of the Company (Regulations Governing Party and Conglomerate Transactions), to report the shareholdings of insiders to the internal dedicated unit monthly for control.	No material deviation.
	(III) Does the Company establish and execute the risk management and firewall system within its affiliates?	✓		1. The Company regularly conducts comprehensive risk assessments on affiliates, major banks with business relationships, clients and suppliers, to reduce credit risks. 2. The Company has established the "Regulations Subsidiary Management" and "Regulations Governing Party and Conglomerate Transactions," to establish and implement firewalls from the affiliates and risk control mechanisms.	No material deviation.

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
	(IV) Does the Company establish internal rules against insiders trading	✓		1. Article 6 of the “Rules and Procedures for Internal Material Information,” established by the Company specifies that no director, managerial officer and employee of the Company mayinquire about or collect any non-public materials inside information of the Company not related to their individual duties from a person with knowledge of such information nor may they disclose to others any non-public materials inside information of the Company of which they become aware for reasons other than the performance of their duties. Also, the Company's internal control system has established the managerial operation procedures to prevent insider trading, while forbidding insiders such as directors or employees from using information that is not available in the market for their benefits. 2. The Company applies the above-mentioned operating procedures and internal control system as the basis for the material information handling and disclosure mechanism. The Company will also review these measures from time to time to meet the requirements of existing laws and regulations, and management in practice. The related operational procedures are disclosed on the Company’s website. 3. The Company promotes the related laws and regulations to insiders like directors, managerial officers, among others and remind them the cases of common violations at least monthly in average. For newly-elected directors and managerial officers, the relevant promotional materials are provided two days prior to or when they take office. The content includes the confidentiality of material information, the restrictions of trading and penalties for insider and short-swing trading, and reminders for cases of common violation. 4. The Company has provided promotional materials for newly-appointed insiders pursuant to the aforementioned operating procedures; for the existing insiders, reminders of precautions are provided monthly. If required, or the laws are regulations are amended, related promotional information is provided from time to time. 5. The Company also has “Ethics and Integrity Handbook” and “Codes of Ethical Manangement Policy” in place, to regulate all employees to observe the ethical standards and integrity when conducting business and undertaking tasks. Corporate integrity training courses are arranged every year to provide relevant education and promotion on the prevention of dishonest behaviors, and education and promotion on the	No material deviation.

<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Operating Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td></td><td>provisions of Article 157-1 of the Securities and Exchange Act are conducted for supervisors and colleagues in specific positions to specifically implement the prevention of insider trading.</td><td></td></tr>
<tr><td rowspan="2">III. Composition and Responsibilities of the Board of Directors</td><td>(I) Does the Board of Directors established a diversified policy, set goals, and implemented them accordingly?</td><td>✓</td><td></td><td>Pursuant to the “Corporate Governance Principles,” the composition of Board of Directors’ member shall take diversification into account. Not only the directors concurrently serving as the Company’s managerial officers shall not exceed one third of all directors, the proper diversification guidelines are also set in terms of operations, business model and development needs, the standards in the two major aspects are appropriate to be included, but not limited to:
1. Basic requirements and values: Gender, age, nationality, and culture, among other things. The proportion of female directors should reach one-third of the number of directors.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills and industry experience.
On June 14, 2023, the annual general shareholdings’ meeting elected seven seats of the directors of the 13th Term (three independent directors included). When elected, independent directors account for 43% of all directors; directors also serving as employees account for 29%, natural person directors account for 57% and the female director account for 14% of the total number of directors. The average age of directors and independent directors is 61 years old. Please refer to page 13~15 of the annual report for the professional qualifications, diversification of Directors, independence of Independent Directors and management target, achievement.</td><td>No material deviation.</td></tr>
<tr><td>(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee established according to law?</td><td>✓</td><td></td><td>Other than the Remuneration Committee and the Audit Committee established as required by law, other operations of related corporate governance and risk management are undertaken by each department based on their functions and duties. For instance, the Information Security Committee and the Occupational Safety and Health Committees have been established. The Company has established the CSR Committee in March 2016, and changed its name to ESG Committee in January 2022 to promote the corporate social responsibilities, corporate governance and ethical corporate management, etc., and to promote sustainable economic, environmental and social development. Every year, the performance is disclosed in the ESG report (formerly CSR report) and the implementation is reported to the Board of Directors at least twice annually.</td><td>No material deviation.</td></tr>
</table>

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
	(III) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		On October 28, 2019 the "Regulations Governing the Board Performance Evaluationl" were established and has been revised from time to time in accordance with laws and regulations or the operating needs of the Company. The annual performance assessment of the Board of Directors, Directors, and functional committees shall be completed before the end of the first quarter of next year. The assessment period is from January 1 to December 31. Members of the Board of Directors and functional committees and the administrative or execution unit of the Board of Directors, shall conduct the internal performance assessment in the regards of "Board of Directors," "Directors," "Audit Committee," and "Remuneration Committee," respectively. The methods include internal self-assessment and member's self-assessment; the outcomes may be categorized as "outstanding," "fair" and "to be improved." The assessment outcomes are to be reported in the next Board meeting after completion to the Board of Directors; the outcomes serve as reference for the performance compensations to members of the Board of Directors and the functional committees and the nomination for re-election. The performance appraisals of the Board of Directors include five major aspects: participation in the operation of the Company, enhancement of the Board's decision-making quality, composition and structure of Board of Directors, election of directors and continuing education, and the internal control. The performance appraisals of the Audit Committee and Remuneration Committee also include five major aspects: participation in the operation of the company, awareness of the duties of functional committees, improvement of decision quality of functional committees, composition and member election of functional committees and internal control. The internal performance appraisals in the regards ofBoard of Directors, Directors, Functional Committees (Audit Committee and Remuneration Committee included) and their individual members for 2023 have been completed. The outcomes of self-assessment are all "outstanding" without any material defects to be improved. Please refer to page 26 of the annual report for the content of the Board of Directors' performance assessment.	No material deviation.
	(IV) Does the Company regularly evaluate the independence of CPAs?	✓		The Audit Committee regularly assesses the independence and suitability of CPAs at least once a year to ensure the reliability of the Company's financial reports. The CPAs are invited to attend the annual discussion of the appointment of the CPAs to	No material deviation.

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
				report on the control mechanism and implementation supervision of the CPAs and their firm to achieve independence, as well as the status of their implementation of the various components of the Audit Quality Indicators (AQI) and to provide transparency reporting. The CPAs are required to provide the "Independence Statement" and independent self-assessment questionnaire every year, and include Audit Quality Indicators in the evaluation of audit service appointments. After the approval of Audit Committee, the outcomes of discussions are provided to the Board of Directors. The results of the latest independent assessment of the CPAs have been approved by the Audit Committee and the Board of Directors on January 29, 2024. The assessment regime includes: 1. CPAs are not related to the Company nor the directors. 2. The Company rotates CPAs as required by the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. 3. The prior approvals of the Audit Committee are required for certifications and other key matters. 4. The independent statements of CPAs are obtained regularly. 5. The CPAs are not spouses or relatives within the first degree of kinship with managerial officers or that the staff have key influence to audit tasks or cases. 6. Whether the CPAs and their audit team members currently or in the last two years are the Company's directors, managers or in positions of significant influence on the audit work in the Company. The Company regularly reviews the independence of CPAs every year and checks whether or not they are directors, shareholders or paid by the Company against the assessment items in the "Accountant Independence and Competency Assessment Form" or whether or not they have other financial benefits and business conducts other than the fees for certifications and taxation-related cases. The CPAs confer with the Audit Committee on a quarterly basis for issues that may be deemed as compromising their independence, among other things. If the CPAs are directly involved or have a stake in the designated tasks, recusal is required. The rotation of CPAs shall be handled pursuant to the related regulations. It has been confirmed by the Company that the CPAs and the Company have no financial interests or business relationship other than certification and taxation fees. The accounting firm has issued a non-breaching independent statement (including the	

Evaluation Item		Operating Status: Yes	Operating Status: No	Operating Status: Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
				CPAs and the audit team members). The Company has not commissioned the same CPAs for certification for five consecutive years. Based on the outcomes of assessment for prior to the appointment of the recent year, no breach to the independence by CPAs is found.	
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?		✓		On February 1, 2021, the Company approved the assignment of Kuo-Tai Ching, the CFO, as the corporate governance officer. His qualifications meet the requirements set out in Article 3-1, Paragraph 1, the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. He will be in charge of supervising and planning the following corporate governance matters, to secure shareholders' interests and enhance the functions of the Board of Directors. And the personnel of the Finance Department in charge of share affairs are assigned as the corporate governance personnel as well, to implement matters related to the corporate governance. Functions of the corporate governance officers are: 1. Handling matters relating to Board of Directors' meetings and shareholders' meetings according to laws. 2. Producing minutes of Board of Directors' meetings and shareholders' meetings. 3. Assisting in on-boarding and continuing education of directors. 4. Furnishing information required for business execution by directors. 5. Reporting to the Board of Directors on the results of its review of the compliance of the qualifications of Independent Directors with the relevant laws and regulations at the time of their nomination, election and during their term of office. 6. Handling matter relating to the change of Directors. 7. Regularly review and amend the Company's Corporate Governance Best Practice Principles and the related operating procedures. 8. Reporting the implementation of corporate governance affairs to the Board of Directors annually. Key implementations of corporate governance related affairs: please refer to page 25~28 of the annual report, the operations of the Board of Directors and the Audit Committee. Continuing education of the corporate governance officer: The corporate governance officer of the Company has completed 12-hours education courses in 2023. The eduation courses information please refer to page 41 of the annual report, Table 1 "Directors' and Corporate Governance Officer's Continuing	No material deviation.

<table>
<tr><th rowspan="2" colspan="2">Evaluation Item</th><th colspan="3">Operating Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="2"></td><td></td><td></td><td>Education, 2023.”</td><td></td></tr>
<tr><td colspan="2">V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>✓</td><td></td><td>1. The Company regularly announces its financial and business information on MOPS and as required by the laws and regulations, it timely publishes material information that may influence shareholders or stakeholders to investors.
2. The Company has set up the Stakeholders’ section at the website, to establish good communications and contact with stakeholders. The Company assigns dedicated personnel to handle and respond to the questions and demands of all stakeholders.
Spokesperson: Kuo-Tai Ching, CFO (03-566-8000 Ext.9)
Investor related issues: ir@darwinprecisions.com
Other: csr@darwinprecisions.com
The company provides the latest company information through multiple methods and channels, and collects corporate social responsibility issues that stakeholders are concerned about and responds to the effectiveness of the implementation through annual surveys on major issues of stakeholders.</td><td>No material deviation.</td></tr>
<tr><td colspan="2">VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>✓</td><td></td><td>The Company has commissioned the Stock Affairs Department, Taishin Securities Co., Ltd. as the stock affairs agency and to handle the shareholders’ meetings.</td><td>No material deviation.</td></tr>
<tr><td rowspan="2">VII. Information Disclosure</td><td>(I) Does the Company establish a corporate website to disclose both financial standings and the status of corporate governance?</td><td>✓</td><td></td><td>1. Financial information:
The Investor section is set up at the Company’s website. The monthly and quarterly financial information is updated regularly; information on investor conferences is released from time to time.
2. Business information:
The product information, manufacturing process, technology and services are provided on the Company’s website, as provision of the information related to the Company’s business.
3. Corporate governance:
The Investor Relations section is set up at the Company’s website, to disclose the part of the coporate governance as the followings: structure and organization, operations, functions and educational and industrial backgrounds of the members of the Board of Directors and functional committees, major resolutions of the Board of Directors, elections of directors and Board’s performance appraisals, major internal regulations, internal audit, risk management, list of major shareholders, communications with independent directors and outcomes of corporate governance.</td><td>No material deviation.</td></tr>
<tr><td>(II) Does the Company have other information disclosure channels</td><td>✓</td><td></td><td>1. Dedicated staff are assigned to disclose information on the “MOPS”.
2. The Investor section is set up at the website, with a contact window and diversified contact</td><td>No material deviation.</td></tr>
</table>

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
	(e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?			channels to answer questions from investors. 3. A Spokesperson and Deputy Spokesperson are assigned for external communications. 4. The Company holds at least one investor conference every year. The presentation and video files of the investor conference is available to the public at the investor section of the official website and MOPS.	
	(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		The consolidated and parent-only financial statements for 2023 were announced and reported on February 7, 2024; the 2023 Q1, Q2 and Q3 financial statements and the monthly revenues were also announced and reported on MOPS before the deadline, while being uploaded to the Company's website simultaneously.	No material deviation.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (*e.g.* ,including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors and supervisors' training records, the implementation of risk management	(I) Employee rights and cares to employees	✓		1. The Company has always taken respect for humanity and caring for employees as one of its business philosophy. In order to assist employees in their future career planning and development, various internal and external employee trainings are provided from time to time. Meanwhile, the Company takes care of each employee's physical and mental health and also provides or sponsors various benefit programs. The Welfare Committee is formed by the employees, takes charge of planning and implementing welfare affairs. 2. The Company holds labor-management meetings regularly every quarter, allowing labor representatives to understand the operation status of the Company and propose suggestions that they have for various issues of the Company. The full communication between the labor and employment allows their relationship to become much tighter. 3. For employee interests and care benefits for its employees, please refer to page 102~104 of the annual report, the Chapter V. Operating Highlights - Labor Relations.	No material deviation.
	(II) Investor relations	✓		1. In terms of investor relations services, the Company has an investors' mailbox to maintain good relationships with its investors. Meanwhile, it also implements a spokesperson and deputy	No material deviation.

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
policies and risk evaluation measures, the implementation of customer relations policies and purchasing insurance for directors and supervisors)?				spokesperson system, to help investors better understand the Company's operations and financial status. 2. The Company assigns dedicated staff to announce information about financial, business and changes to insider shareholding timely at "MOPS" as required, for open and transparent information disclosure.	
	(III) Supplier relations	✓		1. The Company convenes regular and extraordinary meetings to review businesses with suppliers and conduct audit visits and questionnaire surveys on suppliers. 2. The Company has established the procedures to review and assess suppliers, to ensure that the supplier's delivery date, quality and price meet the Company's demands. In addition, the supplier's green products, environmental, safety and health risks and other items are reviewed and communicated. Only those who pass the review can become partners. 3. Pursuant to the "Supplier Management Procedure" and "Supplier/Subcontractor ESH Audit Procedure," the Company works with suppliers to make the best efforts to enhance the corporate social responsibility. The major content includes law compliance, environmental management system, environmental safety and health policy/Commitment, management duties and responsibilities, risk assessment and management, plan implementation, supervision and measurement of performance objects and corrective measures/procedures.	No material deviation.
	(IV) Rights of the stakeholders	✓		The Stakeholder section is set up in the ESG Section of the Company's website. 1. Disclose the identification of the Company's stakeholders, concerned issues from different stakeholders and respond to the key results. 2. Establish the communication channels with stakeholders, while assigning dedicated staff to handle and reply the inquiries and demands from various stakeholders. 3. Disclose the ESG reports to provide stakeholders to understand how the Company implement its sustainable development.	No material deviation.
	(V) Directors' continuing education	✓		The Company has handled this pursuant to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" of TWSE. Please refer to page 41 of the annual report, Table 1 "Directors' and Corporate Governance Officer's Continuing Education, 2023." The related information is disclosed on MOPS.	No material deviation.
	(VI) Implementation of risk management policies and risk	✓		committed to implementing various policies and measures to reduce risks in order to create sustainable value for stakeholders and business	No material deviation.

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
	evaluation standard			Risk management is an important part of maintaining business operations. The Company acknowledges the existence of risks and is opportunities for the Company. The Company, for effectively strengthening risk management, has constantly paid attention to the industry trends and market changes, grasped the trend of risk changes, and formulated management and control strategies and practices for major potential risk scenarios; also, regularly confirm and track the effectiveness of inspections in order to pursue optimized management cost-effectiveness within the acceptable risk. The Company and its subsidiaries, while engaging in operating activities, should carefully review potential internal and external risks from the perspective of sustainable corporate operations; also, formulate relevant operating standards in accordance with the Company's "Risk Management Policies and Procedures" to identify, measure, control, and monitor the potential business risks and the possible impact on operations, to establish operational response procedures in conjunction with responsible units, to implement the operation of the risk management mechanism, and to enhance the risk management effect. Please refer to page 115-126 of the annual report of Chapter VII. Review of Financial Conditions, Operating Results, and Risk Managementt.	
	(VII) Implementation of customer relations policies	✓		1. The Company regularly assesses client relationships and has the credit management regulations in place, to implement regular reviews of clients' financial and operating conditions, while controlling credit risks. 2. The Company maintains unblocked communication channels with clients, for communicating regarding products or services any time, while ensuring that the products or services meet the expected quality level, and providing timely answers to clients' questions. 3. The Company provides green products to clients through a systematic management process and sets up a green product management system and a hazardous substance management process (HSPM) internally, to identify, eliminate and control hazardous substances to comply with the Company's green product policy, clients' requirements and laws and regulations (such as EU RoHS/REACH... etc.).	No material deviation.
	(VIII) Status of purchasing liability insurance for directors	✓		The Company has purchased liability insurances for directors and managerial officers. The coverages are reviewed annually and the coverages are reported to the Board of Directors and competent authorities.	No material deviation.

Evaluation Item		Operating Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
		Yes	No	Description	
	(IX) Succession plans and operations of the Board of Directors' members and key managerial officers	✓		For the succession planning of directors, the following criteria are used to establish the database of director candidates: business judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership, and decision-making ability. The Company has also clearly defined the "Board of Directors Performance Evaluation Procedures" to ensure that the Board of Directors is operating effectively and achieves the purpose of sustainable development through performance evaluation items. Hence, the Company prepares the succession plan and candidates of directors based on the future strategic development and transformation planning, as well as the professional knowledge, skills and experience required by the directors, as well as the diversification policy and independence standards for directors. The directors' candidates are sought, reviewed, and nominated accordingly. In the cultivation mechanism design for key management, the company formulates personal development plans for senior managers based on their individual specialties and job requirements. The Company's Darwin Institute is a dedicated unit to plan the talent cultivation and development policy, and plan and implement the training system, and thus, the key management is trained for their capabilities in terms of management, leadership, and operations. The Company cultivates internal senior managers, arranges for key management to attend the board meeting at least once a year to report on corporate governance matters, and communicates with directors on corporate governance matters so that key management participates in the board's operation. Their participation in the various operating units of the Group is expanded during normal times. Furthermore, we hold a strategic consensus camp for key management every year. Through strategy meetings, the Company focuses on its future business development direction, and systematically deploys key talents and new business development according to the business strategy. For the cultivation of senior managers, apart from participating in the leadership training courses of Darwin College, the emphasis is placed on the inheritance and exchange of work experience. The succession of key positions and the status of talent pool are regularly discussed in the Human Resources Review Committee and various networking gatherings on weekdays. Job rotation and cross-departmental assignments are also used to train employees for their current roles. The ESG Committee also helps senior managers participate in	No material deviation.

<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Operating Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td></td><td>more depth and breadth of operations. In terms of training mechanism design, potential successors will also be arranged to participate in senior manager development courses at affiliated companies, and benchmarking and apprenticeships will be used to improve the leadership and management capabilities of successors.</td><td></td></tr>
<tr><td colspan="6">IX. The improvement status for the result of Corporate Governance Evaluation announced by the TWSE Corporate Governance Center in the recent years, as well as the prioritized enhancements for the matters and measures not yet improved.
(I) In response to the international trend of carbon reduction and in line with the "Sustainable Development Pathway for TWSE/TPEx Listed Companies" promoted by the competent authorities, the Company and its subsidiaries introduced the ISO14064-1:2018 greehouse gas managerment system in 2022, obtained the Y2021 greenhouse gas inspection statement (including overseas subsidiaries) issued by SGS on November 21, 2022 for the first time, also obtained the Y2022 greenhouse gas inspection statement on September 21, 2023. We will continue to complete the greenhouse gas inspection certifying every year in the future to review the effectiveness of energy-saving policy implementation and gradually achieve the goal of carbon reduction.
(II) The company will continue to promote and improve corporate governance affairs such as enhancing the structure and operations of the Board of Directors, as well as information transparency.
(III) The Company was ranked in the range of 21% to 35% of TWSE listed companies and in the range of 11% to 20% of TWSE/TPEx listed companies that had market capitalization between $5 billion and $10 billion by industry in the 10th “Corporate Governance Evaluation of TWSE/TPEx Listed Companies (2023)” sponsored by TWSE.
The Company continues to develop sustainably in the regards of economic, environment and society and will continue to uphold the core corporate values of ethic and integrity, while sustainably managing the relationship with all stakeholders and society.
Environment Management:
In addition to the investment in technical capabilities, the Company also seek the product quality and environmental protection. It has been certified with ISO 9001 international quality management in 1999 and has successively obtained other certifications including IATF 16949, QC 080000, ESD20.20 quality system, ISO50001 energy management systems, ISO 14001 environment management system, ISO14064-1 greenhouse gas inventory and ISO45001 occupational safety and health management system. Meanwhile, the number of employees in the Taiwan Plant has been more than 200 and it has also obtained the TOSHMS certificate as required by law.</td></tr>
</table>

Table 1: Directors' and Corporate Governance Officer's Continuing Education, 2023:

Title	Name	Date	Sponsor	Name of Course	Course Hours
Director	Kuo-Hsin (Michael) Tsai	May 23, 2023	Taiwan Stock Exchange Corporation	Promotion and Explanatory Seminar for Sustainable Development Action Plans for TWSE- and TPEx-Litsted Companies Publicity Meeting	3 hours
		July 4, 2023	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	3 hours
Director	Sheng-Kai (SK) Huang	April 13, 2023	Taiwan Academy of Banking and Finance	UBS Corporate Governance and Corporate Sustainability Seminar in the First Half of 2023 - Corporate Sustainability and Domestic and International Tax Trends	3 hours
		October 20, 2023	Securities and Futures Institute	2023 Promotion and Explanatory Seminar for Prevention of Insider Trading	3 hours
Director	Frank Ko	September 1, 2023	Taiwan Corporate Governance Association	Corporate Reputation Risk Management	3 hours
		September 1, 2023	Taiwan Corporate Governance Association	The Impact and Influence of Climate Change Risks on Corporate Financial Disclosures	3 hours
Director	Feng-Cheng Su	September 1, 2023	Taiwan Corporate Governance Association	Corporate Reputation Risk Management	3 hours
		September 1, 2023	Taiwan Corporate Governance Association	The Impact and Influence of Climate Change Risks on Corporate Financial Disclosures	3 hours
Independent Director	I-Shih Chen	September 1, 2023	Taiwan Corporate Governance Association	Corporate Reputation Risk Management	3 hours
		September 1, 2023	Taiwan Corporate Governance Association	The Impact and Influence of Climate Change Risks on Corporate Financial Disclosures	3 hours
Independent Director	Cheng-Chung Li	September 1, 2023	Taiwan Corporate Governance Association	The Impact and Influence of Climate Change Risks on Corporate Financial Disclosures	3 hours
		October 20, 2023	Securities and Futures Institute	2023 Promotion and Explanatory Seminar for Prevention of Insider Trading	3 hours
Independent Director	Huei-Shih Lung	August 24, 2023	Taiwan Corporate Governance Association	Securities Regulations and Corporate Governance	3 hours
		August 25, 2023	Taiwan Corporate Governance Association	A New Analysis of Global Economic and Financial Situation, Now and Future	3 hours
Corporate Governance Officer	Kuo-Tai Ching	May 25, 2023	Accounting Research and Development Foundation	Business Tax Regulations and Practice	3 hours
		June 2, 2023	Accounting Research and Development Foundation	The Legal Responsibility and Cases of "Tax Crimes"	3 hours
		June 9, 2023	Securities and Futures Institute	Circular Economic Benefits and Their Business Models	3 hours
		June 26, 2023	Greater China Financial and Economic Development Association	Outlook for The Global Economic Situation in The Second Half of 2023	3 hours

(V) The composition, duties and operation of the Remuneration Committee

1. Information about the Company's Remuneration Committee Member

April 16, 2024

<table>
<tr><th colspan="2">Criteria
Title / Name</th><th>Professioanl Qualification and Experience</th><th>Independence Status of Independent Director</th><th>Number of Other Public Companies Concurrently Serving as a member of Remuneration Committee</th></tr>
<tr><td>Convener Independent Director</td><td>I-Shih Chen</td><td colspan="2" rowspan="3">◆Please refer to page13~15 of the annual report, Professional qualifications of Directors and independence of independent directors
◆All of them comply with Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" issued by the Financial Supervisory Commission .
◆There was no remuneration paid by the Company or its affiliates to any independent directors for business, legal, financial or accounting services in the last two years.</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Cheng-Chung Li</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Huei-Shih Lung</td><td>3</td></tr>
</table>

2. Duties of the Remuneration Committee

Pursuant to the laws of Republic of China, the members of the Remuneration Committee are assigned by the Board of Directors. The aim of the Remuneration Committee is to assist the Board of Directors to implement and assess the overall remuneration and benefit policy of the Company and the compensations to the directors and managerial officers. Based on the charter, the Remuneration Committee performs its duties. Please refer to the Company’s website for the Remuneration Commitee Organization Procedure.

The members of the Remuneration Committee shall perform the duty of care of a good administrator, to establish and review the remuneration system linking to the performance in an independent and unbiased manner, while faithfully perform the following functions commissioned by the Board of Directors, and submit the recommendations to the Board of Directors for discussion:

(1) Determine and periodically review the performance appraisal on the Company's directors and managerial officers and remuneration policy, system, standard and structure.

(2) Periodically evaluate and determine the Company's remuneration to directors and managerial officers.

When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:

(1) With respect to the performance assessment and remuneration of directors, supervisors and managerial personnel of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.

(2) It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.

(3) It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its directors and senior management and the time for payment of the variable part of remuneration.

3. Operations of the Remuneration Committee.

(1) There are a total of three members in the Company's Remuneration Committee

(2) Current term: from June 14, 2023 to June 13, 2026.
In 2023, the Remuneration Committee has held three meetings. The attendance of the Committee members is summarized as follows:

Title	Name	Number of actual attendance	Number of proxy attendance	Actual Attendance (%) (Note 1)	Remarks (Note 2)
Convener	I-Shih Chen	3	0	100	Re-elction
Member	Cheng-Chung Li	3	0	100	Re-elction
Member	Huei-Shih Lung	3	0	100	Re-elction

Note 1: [Actual number of attendance/ Number of meetings during the term of office]

Note 2: The Company re-elected all the seven directors in the annual general shareholders' meeting on June 14, 2023, and the Board of Directors re-appointed the remuneration committee members on the same day.

Other items to be stated:

I. If the Board of Directors declined to adopt or will modify, a recommendation of the Remuneration Committee, state the meeting date, term, contents of motions, resolution of the Board meeting and the Company's treatment to the opinions of the Remuneration Committee (*e.g.,* the remuneration passed by the Board exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

II. For the resolutions adopted by the Remuneration Committee, to which a member has a dissenting or qualified opinion which has been recorded or prepared as a written declaration, state the meeting date, term, contents of motions, opinion of each member and the treatment to such opinions: None.

(3) Discussion and resolutions of the Remuneration Committee meetings and the Company's treatments of the members' opinions:

Date of meetings	Discussion	Outcomes of reviews
1st 2023 January 17, 2023	Approved the 2022 managerial officers performance bonus and annual compensation	The chair inquired the opinions of all attending members and the proposal was approved as it was; submitted to the Board of Directors for resolution.
	Approved the amendment of 2023 Managerial Officers Compensation Policy, Institution, Standard and Structure	
	Approved the 2023 incentive program for retain talents	
	Approved the proportion to the appropriation of employees' remuneration and directors' remuneration	
	Approved the amounts of employees' remuneration and directors' remuneration for 2022	
2nd 2023 July 24, 2023	Appointed the convener and chairman of the sixth-term Compensation Committee	
	Approved the distribution of 2022 employees' remuneration and bonus for managerial officers	
3rd 2023 October 27, 2023	Approved the changes of Managerial Officer	

(VI) Corporate governance implementation status and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for any such deviations.

Evaluation Item	Operating Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
	Yes	No	Description	
I. Does the Company establish a governance structure for sustainable development and set up a exclusively (or concurrently) dedicated unit to promote sustainable development and with the Board of Directors authorization for senior management to handle and is supervised by the Board of Directors?	✓		The Company established the CSR Committee in March 2016 and renamed the ESG Committee in January 2022 as the highest corporate-level sustainable development promotion organization within the Company, coordinating the formulation of corporate social responsibility and sustainable development direction and goals. The chair and members review the performance and goal achieved regularly. The Chairman and CSO serves as the chair of the Committee, with a secretarial panel and four functional groups under the chair, namely operation sustainability, supply chain sustainability, society citizenship and business risk management. The seminars related to sustainable development are conducted quarterly or from time to time and reports on the progress of implementation of the long-term goals and action plans and reviews improvement measures; annual reports are made to the Board of Directors on the effectiveness of the promotion, work plan and review the Company's sustainable development blueprint at least twice a year and the Board of Directors supervises the promotion of sustainable development. The ESG report of 2022 has been disclosed on company website and MOPS and submitted to the Board of Directors. The ESG report of 2023 will be disclosed to the public after its completion and approval by the Board of Directors.	No material deviation.
II. Does the Company follow the materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operations and establish elated risk management policy or strategy?	✓		To optimize the system and advance to a well-rounded sustainable operation, the Company has established the ESG committee and the "ESG Best Practice Principles," to establish and implement managerial policies with regards to economy, environment, society and corporate governance, while collecting feedbacks from stakeholders for continuous improvement. The Company performs risk identification operation of the Company and its subsidiaries in accordance with the ESG materiality principles and the "Policy and Procedures for Risk Management" established by the Company, and conducts risk assessment of important issues based on risk categories and operational concerns of the Company, and then formulates response strategies and strengthens risk control. And the Board of Directors supervises the implementation of risk management. Please refer to Chapter VII. Review of Financial Conditions, Operating Results, and Risk Management in the annual report (page 115-126).	No material deviation.

<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Operating Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td rowspan="2">III. Environmental issues</td><td>(I) Does the Company establish suitable environmental management systems based on the characteristics of its industries?</td><td>✓</td><td></td><td>1. The Company has established an environmental health and safety management system and environmental health and safety policy. The Company has also organized an occupational health and safety committee at each plant's head office to implement relevant management systems. The risk assessment items include: occupational health and safety, automatic inspections, operating environment monitoring, hazardous substances management, greenhouse gas emissions policy and management, resource management, disaster response drills, education and training, etc.
2. The Company continues to carry out the classification, recycling and reduction activities of domestic and industrial waste pursuant to the government policies, and establishes a management and contingency system to implement it.
3. The Company and its subsidiaries have introduced the ISO 14001 environmental management system and passed the certification by a third-party certifying company (SGS) on August 27, 2018, to obtain the new version of ISO14001:2015 certification . Currently, the validity period of the certificate obtained by the Company this certification is August 3, 2023 to June 16, 2026.
4. In recent years, in order to achieve the goal of 2050 net-zero greenhouse gas emissions strategy, we introduced ISO14064-1 greenhouse gas inventory in 2022 and ISO50001 energy management system certification in 2023, and will continue to validate the system every year thereafter.</td><td>No material deviation.</td></tr>
<tr><td>(II) Does the Company endeavor to improve energy efficiency and use renewable materials which have low impact on the environment?</td><td>✓</td><td></td><td>The Company and its subsidiaries have installed solar power generation systems on the rooftops of major plants. Total solar power generation was 9,720,124 KWh, which might reduce by 5,516 ton of CO_{2e}.
<table><tr><th>Plant</th><th>Total solar power generation (KWh)</th><th>Total CO_2 emission reduction (tons)</th></tr><tr><td>Daya</td><td>361,802</td><td>179</td></tr><tr><td>Wujiang</td><td>4,890,739</td><td>2,618</td></tr><tr><td>Xiamen</td><td>4,767,583</td><td>2,719</td></tr><tr><td>Total</td><td>9,720,124</td><td>5,516</td></tr></table>Remark: Daya’s solar facilities have not included in the calculation of the Company’s greenhouse gas emission reduction becaused its leased from other company.
In addition, we continue to impove the efficiency of resource utilization in other factories,</td><td>No material deviation.</td></tr>
</table>

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				implement process water recycling in each factory, and fully inplement waste classification and resource recycling. We also promote green office, such as: using business machines for centralized printing, encouraging single-sided paper reuse, using environmentally friendly recycled paper for business card printing, etc. Besides, to set up a sustainable cultural atmosphere in DARWIN, educate and publicize the knowledge of sustainable green life through internal eclectronic bulletin boards, announcements, and official accounts of communication software, cultivate self-“green” good habits, and reduce waste and environmental burden. The Company's waste recycling and re-use ratio: 98% in 2022 and 96% in 2023. The Company is also committed to the establishment and implementation of green product hazardous substance management regulations to ensure that product and parts (materials, components and packaging materials) meet the requirements for green products.	
	(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		1. In response to the impact of climate change on business operations and to disclose information about climate change, the Company established the CSR Committee in 2016 and renamed the ESG Committee in 2022 to follow the vision and mission of the Company's ESG policy and continue to promote major issues and strategies. In 2021, the Company strengthened our environmental management policy in response to the climate change issue, set our annual absolute carbon reduction target and made corresponding technical management of process and energy, transformed low carbon production process and reduced energy usage. In addition to continuously verifying the ISO14064-1:2018 greenhouse gas management system to check the organization’s gas emissions, we also introduced ISO50001 energy management system and participated in the Carbon Disclosure Project (CDP) climate change questionnaire and received a D revealed grade results in 2023. In addition, according to the International Financial Stability Board Climate-Related Financial Disclosure Recommendation (Task Force on Climate-related Financial Disclosures, TCFD) framework to identify the company's climate risks and opportunities and establish measurement indicators and response actions based on the identification results, thereby reducing the financial impact of climate risks on operations.	No material deviation.

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<tr><td rowspan="2"></td><td></td><td></td><td></td><td>2. In 2023, a total of seventeen energy saving and five water reclamation projects were implemented; it is expected to save 20.6 million KWH of power and 331 thousands tons of reclaimed water. The Company and its subsidiaries strives to save energy and reduce carbon, while improving energy efficiency, to mitigate climate change and maintain ecological balance.</td><td></td></tr>
<tr><td>(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years and implement policies on energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management?</td><td>✓</td><td></td><td>1. The Company established the ESG Office in August, 2022, and worked with the environmental safety unit to promte greenhouse gas inventory and reduction, energy management and other businesses, and conduct monthly inventory and statistics on greenhouse gases. In response to the sustainable development of environment, having a paperless office is continuously promoted; no disposable utensils is provided; water-saving valves are installed on faucets; lights, air-conditioning are controlled by dedicated staff; and carpooling is encouraged in the practical environment.
2. To introduce ISO14064-1: 2018 greenhouse gas inventory in 2022 for the first time, and the initial greenhouse gas verification statement for 2021 was obtained from a third-party verification agency (SGS) on November 21, 2022, and we will continue to validate them every year thereafter. The greenhouse gas verification statement for 2022 was obtained frome a third-party verification agency (SGS) on September 21, 2023. The inspected greenhouse gas emission inventory for 2022 of the Company and its subsidiaries was 75,939 metric tons of CO2e, the GHG emission of scope 1 and scope 2 was 63,862 metric tons and the gas emission intensity was 441 metric tons of CO_{2e} per NTD 100 million.
The total greenhouse gas emission inventory of the Company and its subsidiaries for 2023 is 61,014 metric tons of CO_{2e}, and the main source of greenhouse gas generation is scope two electricity emissions.
The GHG emissions in 2023 and 2022 are as follows:
<table>
<tr><th>Emission of GHG</th><th>2023</th><th>2022</th></tr>
<tr><td>Scope 1 (ton CO_{2e})</td><td>1,091</td><td>3,144</td></tr>
<tr><td>Scope 2 (ton CO_{2e})</td><td>59,923</td><td>60,717</td></tr>
<tr><td>Total CO_2 emission (tons)</td><td>61,014</td><td>63,862</td></tr>
<tr><td>Sales amount (NTD100 million)</td><td>177.7</td><td>144.7</td></tr>
<tr><td>Emission intensity (ton/ NTD100 million)</td><td>343</td><td>441</td></tr>
</table></td><td>No material deviation.</td></tr>
</table>

Evaluation Item	Operating Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
	Yes	No	Description	

Remarks:

(1) Using the greenhouse gas inventory emissions of Scope 1 and Scope 2, which can be controlled by the company's perimeter as the basis for the company's greenhouse gas reduction.

(2) The greenhouse gas inventory for 2023 was taken by ourselves, and has not yet been verified by a third-party.

The focus of the work of the Company for 2023 is to introduce the ISO50001 energy management system, we obtained the ISO50001:2018 (certificate valid until 2017.01.14) from a third-party verification agency (DNV). We continue to reduce the carbon dioxide emission equivalents by promoting energy-saving control measures through PDCA system.

3. In response to the global shortage of water resources, the Company continues to arrange water for production, life and ecology reasonably based on the concept of reasonable resource application, to allocate water resources reasonably. Water is effectively reclaimed, the carrying capacity of water resources is improved, to secure the sustainable development.
   Volume of the used water resources in 2023 and 2022 are as following:

Unit: 10,000 tons

Water resources	2023	2022
Tap water	87	92.6
Underground water	0	0.6
Reclaimed water	32.3	28.7

4. The waste generated in the Company's operations is collected and controlled at the source for classification. Recycling/re-using take the first priority, to increase the resource recovery rate, reduce the volume of generated waste, and reduce the impact on the environment. The “Regulations of Waste Cleaning Operation” is established for management. The waste generation in 2023 and 2022 is as the table below: per unit of waste output (tons/NT$100 million) was decreased by 15.7% from 36.9 in 2022 to 31.1 in 2023.

Unit: ton

Waste	2023	2022
Non-hazardous industrial waste	5,439	5,279
Hazardous industrial waste	91	66
Per unit of waste output (tons/NT$100 million)	31.1	36.9

Evaluation Item		Operating Status: Yes	No	Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
				5. Reduction target: (1) In order to advocate international carbon-reduction trends, ESG of the Company set the goals for the Company and its subsidiaries to achieve 30% reduction of greenhouse gas emissions in office locations, 5% reduction of GHG at manufacturing locations, net zero greenhouse gas emissions in office locations, 20% reduction at manufacturing locations by 2030, and net zero greenhouse gas emissions in both office and manufacturing locations by 2050. Our inventory for 2022 was checked by a third-party (SGS) and was 63,862 ton CO_{2e}/year, and the inventory for 2023 checkde by ourselves was 61,014 ton CO_{2e}/year, with an annual reduction of 4.4%. Each plants actively promotes power-saving solutions to reduce carbon emission. In the future, the Company will continue to work towards the carbon reduction goals set for the carbon emissions generated by each unit. (2) In 2023, water reclaimed from the processes in the plants in Taiwan and China was totaled 323 thousands tons. The water reclaiming rate of the Company and its subsidiaries reached 37%, an increase of 6.2% from the water reclaiming rate 30.8% in 2022. (3) The direction and goal of waste resource management: continue to increase the reclaiming rate of various industrial wastes, schedule the audit plans for waste vendors, audit nine vendors in 2023, achieve a 100% audit supervision rate and zero environmental incidents.	
IV. Social issues	(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		In order to fulfill the corporate social responsibility and protect the basic human rights of all employees, the Company recognizes and voluntarily observes the “Universal Declaration of Human Rights,” the “United Nations Global Covenant,” the “United Nations Guiding Principles on Business and Human Rights,” “International Labor Organization” and other internationally recognized human rights standards, and in accordance with Responsible Business Alliance (RBA) standards to eliminate any violations and infringement to human rights and treat all employees with dignity and respect. The Company's human rights policy is applicable to all operations and manufacturing facilities and it strictly observes laws regulations related to labor and gender equality in the place of	No material deviation.

Evaluation Item		Operating Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
		Yes	No	Description	
				operation, while formulating related human rights protection and labor policies and implementing related measures, including: employment policies, reasonable working hours, healthy workplaces, and harmonious labor-employer communications. The working conditions of the employees of the Company are in compliance with the labor laws and regulations. Discrimination in the workplace is prohibited, gender equality in work is promoted, workplace safety and reasonable working hours are also implemented. All working rules are also complied with by all employees. There are corresponding managerial procedures to regulate.	
	(II) Does the Company formulate and implement reasonable employee benefit measures (include salary and compensation, leave and others) and appropriately link the operating performance or results to employee salary and compensation?	✓		【Employee Remuneration】 The Company regularly participates in international and regional (local) market wage surveys and formulates a competitive wage structure and wage assessment standards based on the positioning of the talent market. Other than the fixed wages, to encourage employees to perform their best, the Company provides a corresponding individual performance incentive system, where the employees' remunerations are distributed by referring to the Company's operating performance. There is also a employee stock ownership trust(ESOT) assist employees in accumulating retirement pensions. 【Employee Welfare】 When on-boarding, health insurance and labor insurance of the new recruits will be completed on the same day. The group and casualty insurance are also offered to employees for better life and safety safeguards. Other than job requirements, the Company also appreciates employees' needs in their personal and family lives. Other than providing a well-rounded leave system pursuant to the labor laws, the annual leave scheduling system is also in place, to encourage employees to apply their leaves well to arrange time with their families. The Company has a cafeteria for employees and employees enjoy meal subsidies. It has built a gym and aerobics classrooms, equipped with fitness equipment. Sports clubs are also established for employees to enjoy sports without traveling. There is an exclusive parking lot for employees to park free-of-charge. 【Workplace Equality】 To realize equal pay for equal work and equal promotion opportunities, and to promote sustainable and inclusive economic growth. The Company focus on the rights and welfare of our employees, share the profits with them,	No material deviation.

Evaluation Item		Operating Status: Yes	Operating Status: No	Operating Status: Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
				maintain a good working environment, and provide comprehensive care for all ethnic groups: (1) hiring employees with disabilities and providing appropriate work duties and environmental facilities; (2) assisting foreign employees in cultural integration, life care, and health and safety; and (3) implementing a friendly workplace so that employees of all genders can work with peace of mind.	
	(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		Other than complying with the relevant domestic laws and regulations, the Company and its subsidiaries have obtained the internationally recognized ISO 45001 occupational safety and health management system inspection certification (certification valid until September 3, 2026), to provide employees with a safe working environment, thereby preventing occupational disasters and maintaining employees' workplace safety . The Company conducts inspections for work environment and improvement every six months pursuant to the laws, as well as annual employee regular health checks. 1. A health promotion unit_ Wellness Center: The Chief nurse and nurses are engaged to regularly conduct annual health checks for employees, while caring and tracking employees' health. The health management system is introduced to manage health information electronically. Health promotion events are held regularly or from time to time, including setting up breastfeeding rooms, promotions on infectious disease prevention, healthy diet education, epidemic prevention and control for employees going on business trips and health seminars to satisfy the health needs of employees. The plants in Taiwan have obtained the Healthy Workplace Certification, Safe Workplace Certification, Taichung City Workplace Healthy Enterprise Award, and Taichung City Healthy Workplace Outstanding Promoter Award in 2023. In addition, the Daya plant is a teaching site for occupational specialists from Taiwan Environmental and Occupational Medicine Association. 2. Establish dedicated units, such as the safety and health division. Undertake the planning and management of safety, health, and environmental protection for the the Company and its subsidiaries, such as inspections to the safety of the working environment of employees, protection of machinery or equipment operation, and implementing employee safety training periodically and	No material deviation.

Evaluation Item		Operating Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
		Yes	No	Description	
				promotion of safety activities. 3. The Company conducts labor work environment inspection and health check pursuant to laws. Improvements are made to the work environment accordingly and necessary protections are provide, as well as and adjusts the labor workplace. 4. In 2023, 105 courses of environmental safety and health related were offered by the Company's and its subsidiaries' environmental safety unit and Wellness Center , and total of 229.1 training hours. 5. There were 6 cases of occupational injury to employees in 2023 (Occupational Injury Rate 0.09%; Disabling Frequency FR = 0.27; Disabling Severity Rate SR = 6.1), which were 2 pinching/cutting injuries, 2 slipping/falling, 1 fall, and 1 bruised. All of them have returned to their respective positions and are being tracked by the follow-up care center of the wellness center. The Safety and Health Division re-inventoried the SOP process for identifying risks and hazards, revising the operating practices and promoting them to all factories; updating the hazard identification and assessment for all units in the production base, inspecting the overall inventory and verification of the machine and equipment safety mechanism, and increasing the frequency of personnel education and training to enhance safety awareness. Remarks: Disabling Frequency Rate FR = Total Frequency of Injuries and Losses to Workers x 1,000,000/Cumulative Total Working Hours (Unconditionally Rounded Down) Disabling Severity Rate SR = Total Injury Lost Days x 1,000,000 / Accumulated Total Working Hours 6. In 2023, there were 0 fire incidents and no casualties. The Company regularly organized a total of 35 fire evacuation drills and a total of 29 emergency response simulation drills to deepen employees' knowledge of evacuation and firefighting. Each of the group missions is carried out through constant drills to train employees to rescue and escape in a timely manner in the face of danger.	
	(IV) Does the Company establish effective career development and training plans?	✓		The Company has established Darwin College, dedicated to talent cultivation and development policy formulation, education and training system planning and implementation. Committee meetings are convened regularly to review the talent cultivation policies and their planning and effectiveness. Under Darwin College, there are	No material deviation.

Evaluation Item		Operating Status: Yes	Operating Status: No	Operating Status: Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
				the leadership school, the marketing school, the innovation and R&D school, the manufacturing school, with the Education and Training Executive Committee (hereafter "ETEC"). The ETEC established seven major training system based on the Company's development strategies and develops seven major education and training, including new employee training, quality training, management training, environmental safety and health training, instructor training, general knowledge and self-development training, and professional training, as well as the development of learning maps for each branch. In addition, for the development of the professional capabilities of employees, the EEC of each department applies internal instructors or external trainings, to effectively pass on specialties and skills. In 2023, a total of 35,295 people completed career training courses, with a total of 89,487 training hours.	
	(V) Does the company's product and service comply with relevant laws and international standards in relation to consumers health and safety, custormers privacy, marketing and labeling of products and services, and set relevant policies and grievance procedure to protect the rights of consumers or custormers?	✓		For sales and labelling, the Company complies with related regulations and international rules. The Company sets up a green product management system and a hazardous substance management process (HSPM) internally, to identify, eliminate and control hazardous substances to comply with the Company's green product policy, clients' requirements and laws and regulations (such as EU RoHS/REACH... etc.). In terms of product development, we strictly prohibit the unlawful infringement or disclosure of the trade secrets, trademark rights, patent rights, copyrights and intellectual property rights of other companies. In addition to direct contact with the sales staff or their supervisors, the customers' contact information is also disclosed on the Company's website to provide a fair, open and immediate platform for handling related issues such as complaints of customers' rights, etc.	No material deviation.
	(VI) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on	✓		Pursuant to the "Supplier Management Procedure" and "Supplier/Subcontractor ESH Audit Procedure," the Company works with suppliers to make the best efforts to enhance the corporate social responsibility: 1. Compliance with laws: suppliers need to take remedial actions if any violation is made and document the actions. 2. Environmental management system: Facilitateand verify the supplier to be certified with ISO 14001/ ISO 45001.	No material deviation.

Evaluation Item		Operating Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
		Yes	No	Description	
	environmental protection,occupational health and safety, or labor and human rights and their implementation status?			3. Environment, safety and health policy/commitment: Facilitate and verify the suppliers' policy/commitment statement. 4. Management accountabilities and responsibilities: Facilitate and verify the supplier's environment, health and safety plans and labor rights implementation status, for the management to review. 5. Risk assessment and management: facilitate and verify suppliers' views on environment, health, safety and labor human rights and identify and assess impacts and risks. 6. Plan implementing, monitoring and measuring performance objectives: facilitate and verify the suppliers' performance objectives and implementation plans in terms of environment, health and safety and labor human rights. 7. Corrective measures and procedures: suppliers are required to propose improvement measures for non-conformities found in internal or external evaluations, inspections, investigations and reviews. In 2023, a total of 21 suppliers were audited under the Company's environment, safety and health risks audits to suppliers, eleven deficiencies found in the audit and recommendations provided to suppliers to reply with correction status for re-audit. The Company's contracts with suppliers clearly stipulates the corporate responsibility standards, and conducts supplier conduct inspections in accordance with RBA standards. In order to ensure the environmental performance of suppliers, to meet the environmental requirements, make products more environmental friendly, enhance market competitiveness, and establish green supply chain management, the Company fosters good collaborative relations with suppliers, seeking to exert influence and lead suppliers, to pay attentions to social responsibility and environmental protection issues, and thus promote the sustainable development of the industry.	
V. Does the company reference internationally accepted reporting standards or guidelines, and prepare ESG report that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		✓		The Company has prepared the ESG report pursuant to "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" promulgated by Taiwan Stock Exchange Corporation on January 26, 2024, the latest GRI Standards by the Global Reporting Initiative, and Electronic Manufacturing Services and Original Design Manufacturing Indicators issued by the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related	No materials deviation.

Evaluation Item	Operating Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies Reasons
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			Financial Disclosures (TCFD) and other indicators. And disclosed the reports on the ESG section at the Company's website and uploaded to MOPS.	

VI. If the Company has established its sustainable development practice principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" please describe the operating status and variance.
The Company established the "ESG Best Practice Principles" and the Company's website has the "ESG Section" to fully disclose the Company's structure of the ESG Committee, performance of ESG, and the annual ESG reports. The related operations comply with the Company's ESG Best Practice Principles, and are disclosed in the Company's ESG reports.

VII. Other important information to facilitate better understanding of the company's implemention of sustainable development (*e.g.,* the systems and measures adopted by the Company in the regards of environment protection, social engagement, social contribution, social services, social welfare, consumer's rights, human rights, health and safety and other social responsibility related activities and the implementations of such):

The Company's policy for linking ESG performance with remuneration to senior managers:
To motivate senior managers, outstanding key professionals, and all employees to value their long-term overall performance, the Company links (1) business performance targets, and (2) ESG sustainable development goals to the incentive remuneration of senior managers, and reviews nearly three years of accumulated outcomes. If the activation requirements are met, the senior management members will receive 10% to 20% of their fixed annual salary as a bonus so that the senior management salary can be highly linked to the company's operating performance and sustainable development.

In order to fulfill the corporate social responsibility and protect the basic human rights of all employees, the Company recognizes and voluntarily observes the "Universal Declaration of Human Rights," the "United Nations Global Covenant," the "United Nations Guiding Principles on Business and Human Rights," "International Labor Organization" and other internationally recognized human rights standards, to eliminate any violations and infringement to human rights and treat all employees with dignity and respect.
The Company's human rights policy is applicable to all operations and manufacturing facilities and it strictly observes laws regulations related to labor and gender equality in the place of operation, while formulating related human rights protection and labor policies and implementing related measures.

[Employment Policy]
The Company implements the diversity of the workplace, and upholds the principles of openness and fairness. No discrimination treatment, include language, attitude or conduct, based on gender, race, socioeconomic status, age, marriage status, family, language, religion, political party, nationality, appearance, facial features, physical or mental disabilities. Eliminate all forms of forced labor; eliminate employment and working discrimination; prohibit harassment; respect privacy. It strives to create a working environment where equal opportunity, dignity, safety and equality are offered, and is free of discrimination- and harassment.

[Reasonable Working Hours]
The Company clearly prescribes regulations of working hours and overtime hours. It regularly pays attention to and manage the attendance status of employees.

[Healthy Working Place]
The main theme of sustainable promotion is "Healthy, Vitality and Peace of Mind in Workplace". The plants in Taiwan have obtained the Healthy Workplace Certification, Safe Workplace Certification, Taichung City Workplace Healthy Enterprise Award, and Taichung City Healthy Workplace Outstanding Promoter Award in 2023. In addition, the Daya plant is a teaching site for occupational specialists from Taiwan Environmental and Occupational Medicine Association.Wellness Center continuously assist employees to maintain physical and mental health, and work-life balance; regularly organize care-for-employee seminars and provide employees with comprehensive channels for consultation.

[Harmonious Labor-Employer Communications]
In order to achieve the objective of sufficient communication and effective problem solving, a President's mailbox is provided and labor-employer meetings are held regularly to ensure the interests of both parties.

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	Yes	No	Description	

Human Rights Issue	Implementation
Prohibit the hiring of child labor	0 child labor employed
Prohibition of employment discrimination	Employment sufficient amounts for people with disabilities
Prevention of abnormal working hours	Establishment of a mechanism for alerts on abnormal working hours Establishment of a flexible working hours system
Prevention of workplace violence	1. Establishment of regulation of preventing illegal violence from duties 2. Issue statement of prohibition of unlawful infringement in the workplace 3. Using "Self Checklist for Unlawful Infringement in The Workplace" to remind supervisors to self-examine whether there are any inappropriate words and behaviors or improper or unlawful treatments to their colleagues and to exercise supervision function to prohibit unlawful infringement in the workplace among colleagues
Human rights traning	RBA basic general course: 3,577 trainees / 1,789 training hours
Labor-Employer communications channel	Quarterly labor-management meeting Yearly employee representative meeting
Gender and ratial equality	Annual Philippine Food Festival Emplyment sufficient amounts of indigenous peoples

The Company upholds the consistent "green commitment" to the society and the environment. In addition to continual innovation of products and technologies, it is committed to the promotion of social responsibility and environment, safety and health management practices and concepts, with the goals of feeding back to the society, improving labor rights, and the quality of the living environment. Excellent performance in comprehensive sustainable development indicators such as RBA audit, water-saving, and power-saving in 2023, and we obtained the AUO Corporation Global Sustainability Partner Award. The Company fulfills the CSR based on the following principles:

- We uphold the highest standards of integrity. Any and all forms of bribery, extortion, and Illegal profits are strictly prohibited.
- We operate in full compliance with the laws and regulations, and adhere to internationally recognized standards and initiatives.
- We support the Universal Declarations of Human Rights and place importance on equal opportunities, and labor rights.
- We promote work-life balance and maintain a comfortable and safe environment to ensure human capital development.
- We foster continuous product innovation and are dedicated to technology advancement.
- We believe enhanced resources and greater energy efficiency will stimulate a more circular economy.
- We wish to reduce adverse environmental impacts, mitigate climate change, and preserve ecological balance.
- We actively engage in corporate citizenship and make valuable contributions to the society.
- We promote greater transparency and accountability by enabling proactive information disclosure and sharing.
- By strengthening partnerships with our value chain, we seek joint value optimization and positive impacts.

With the spirit of giving back to society, the Company actively participates in various community activities and supports public welfare organizations with concrete actions to deepen the connection between the Company and the community. Since the Dream Fulfillment Project was launched in 2013, we have raised Christmas gifts for disadvantaged children in remote villages and social welfare organizations for the past ten years. Since 2022, the Company has partnered with AUO Sustainability Foundation to participate in the activities of the "School Literacy Scholarship Fundraiser." Employees were invited to donate one day to help thousands of children go to school. In 2023, a total of NTD 57,000 was raised. In 2023, we launched the "Grow Up with You Project" to help rural schools upgrade educational resources and enrich diversified teaching equipment. We donated the filing cabinets and multimedia monitors to Luchang Elementary School in Yunlin County and the desks to the reading room of Luchang Elementary School in Miaoli County computer section, and worked with school teachers to guide children on the path to wisdom and achieve a better future.

In 2023, the subsidiary of the Company, Suzhou Forplax Optronics Co., Ltd., donated RMB $80 thousand to the "BenQ

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	Yes	No	Description	

Foundation” in order to promote the development of public welfare undertakings.
The Company has engaged the following social and public agenda as in the following table:

Agenda of Long-Term Engagement	Activities engaged	Impacts on the Company and Employees	Impact on the Public
Care for the environment	Mountain cleaning hikes Beach cleaning Street cleaning	Employees are encouraged to get closer to nature and appreciate the importance of environmental conservation.	“Beach Cleaning”, “Mountain Cleaning Hikes”, and “Street Cleaning” charity events were held from time to time where the plant is located to invite colleagues and their families to take a stroll in nature and practice sustainability through actions by protecting the nature together, implementing environmental protection and green life. The various plants cleaned a total of 271 kilograms of general garbage.
Care for the communities	Blood donation and local farmer’s market	Employees are encouraged to care about the community development and fulfill the responsibilities as a good neighbor.	To fulfill the duty of feed backing to the society, each plant of the Company sponsored six local small farmers' special sales and three blood donation events in 2023. With the promotions by the nurses at each plant, to invite employees for blood donation. employees donated a total of 70,950 ml of blood and the number of blood donations reached 195 in 2023. This is to give a hand to the medical care in each location.
Charitable support	Warmth in winter, book donations and Dreams-come-true program	Foster compassion and philanthropy among employees.	Promote the positive developments of social welfare institutions, and care the underprivileged together. 1. In 2023, the Company, AUO Foundation and BenQ Foudation collaborated to participate in the “Student Literacy Scholarship Fund Raising” and “99 for Charity” campaign. The Company invited employees to participate in the fundraising project, together for good, which raised a total of NT$134 thousand. 2. In 2023, each plant of the Company held three clothes and book donations activities and three dreams-come-true programs to spread love and warmth to disadvantaged children and elderly people in the gerocomium.

Company Climate-related Information

1. Implementation of Climate-related Information

Item	Implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	1. The Board of Directors is the highest governance body to oversee climate-related risks and opportunities. The ESG Committee reports to the Board of Directors at least twice a year on the specific promotion plans and implementation results of sustainable development, including the short-term (2025), medium (2030), and long-term (2050) net zero strategic goals, the annual projects implementation outcomes, the proactive carbon reduction for corporate sustainability in the face of climate change, and the future direction of sustainable development. The goals of corporate sustainable development are realized through the supervision and guidance of the Board of Directors to ensure the Company's management cycle of Plan, Do, Check, Act (PDCA). 2. The ESG Committee is chaired by the Chairman and Chief Strategy Officer, with senior executives serving as ex-officio members. Quarterly meetings are held to discuss and manage the impacts of climate change on operations, and to review the progress and implementation of various projects. In 2023, a total of 4 meetings were held.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term). 3. Describe the financial impact of extreme climate events and transformation actions.	(see table below)

Risk / Opportunities	Item	Significant Risk identify	Impact Time	Occurrences Stage	Estimated Impact (TWD in Million)
Opportunities	Reduce water use and consumption	No	Short-term	-	1~10
	Obtain government resources and cooperation	No	Mid-term	-	1~10
	Enhance efficiency of transportation modes / production and distribution processes	No	Short-term	-	10~100
	Changes in consumer preferences / ability to explore new markets / business diversification	Yes	Short-term	-	100~1,000
	Actively understand / participate in the carbon trading market	No	Mid-term	-	1~10
	Transformation to promote low-carbon manufacturing (including recycling)	No	Mid-term	-	10~100
	Develop green products and energy-saving products / technologies and enhance product energy efficiency	No	Short-term	-	10~100

Risk / Opportunities	Item	Significant Risk identify	Impact Time	Occurrences Stage	Estimated Impact (TWD in Million)
Risk	Typhoon	No	Short-term	Upstream of the Company / Darwin's operation	1~10
	Drought	No	Short-term	Darwin's operation	1~10
	Net zero emission trend / policy	No	Mid-term	Darwin's operation	10~100
	Carbon pricing mechanism	No	Mid-term	Darwin's operation	10~100
	Impact on corporate reputation	No	Mid-term	Darwin's operation	10~100
	Lower emission options emerge in the market to replace existing products and services	No	Mid-term	Darwin's operation / downstream of the Company	10~100
	Heat wave	No	Short-term	Darwin's operation	0~1
	Temperature changes (air, fresh water, sea water)	No	Short-term	Darwin's operation	10~100
	Increase in raw material costs	No	Short-term	Darwin's operation	10~100
	Changes in consumer behavior and preferences / market uncertainty	No	Short-term	Downstream of the Company	100~1,000
	Heavy rainfall (rain, hail)	No	Short-term	Darwin's operation	1~100

<table>
<tr>
<td>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</td>
<td>1. The Company has established a complete risk management framework organization, policy, management standards, and scope of risks, including but not limited to operational risk, market risk, environmental safety and health risk (including environment and climate change), financial risk, human resource risk, information security risk and other risks that may cause significant losses to the company; also, the Company continues to pay attention to the development of domestic and foreign risks in order to grasp risk trends and identify emerging risks. The Company regards climate change as an emerging risk, and incorporates its identification, measurement and management process into the Company's overall risk procedures.
2. The Company’s climate risk management process is mainly divided into six major steps, including risk identification, discrimination, hierarchical management, improvement monitoring, BOD supervision and disclosure, which are described below:
<table>
<tr><th>Management Process</th><th>Content</th></tr>
<tr><td>Risk Identification</td><td>1. In line with the corporate governance planning schedule, the Company identifies climate risks and opportunities based on the characteristics of its business.
2. The Secretary of the ESG Committee integrates the overall risk identification.
3. Refer to the climate risk reports of international institutions and peer companies' climate-related financial disclosure (TCFD) reports.</td></tr>
<tr><td>Risk Discrimination</td><td>1. The Company evaluates the impact and degree of impact of each risk based on the characteristics of its business.
2. The scope of measurement includes the impact path, the time and geographical scope of the impact, the position in the value chain and the financial impact.</td></tr>
<tr><td>Hierarchical Management</td><td>Draw up a matrix of climate risks and opportunities, and perform graded management according to the level of financial impact.</td></tr>
<tr><td>Improvement Monitoring</td><td>1. The relevant departments formulate key indicators, management measures, evaluation mechanisms, and mitigation or remedial measures.
2. Monitor the climate risk monitoring indicators to control the value loss caused by the climate risk.</td></tr>
<tr><td>BOD Supervision</td><td>The Secretary of the ESG Committee reports the management of various risk indicators to the Board of Directors at least once a year.</td></tr>
<tr><td>Disclosure</td><td>The results of risk control are publicly disclosed on the Company's official website, annual report and ESG report every year.</td></tr>
</table>
</td>
</tr>
<tr>
<td>5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.</td>
<td>To comply with the "Limit global warming to 1.5℃" of the Paris Agreement and Taiwan's 2050 net zero goal, we have used the Taiwan Climate Change Assessment Information and Adaptation Platform (TCCIP) and the IPCC AR6 SSP 8.5 worst-case climate change scenarios to conduct future risk estimation by taking the average model to prioritize the estimation and analysis of physical risks such as temperature and rainfall at the locations of the plants in Taiwan. Due to the difficulty in obtaining historical meteorological data in Mainland China, the monthly average/yearly average data on a larger time scale is temporarily used to examine the impact of past natural disasters.</td>
</tr>
<tr>
<td>6. If a transformation plan is in place to manage climate-related risks, specify the plan's content, and the indicators and targets used to identify and manage physical risks and transformation risks.</td>
<td>The Company's greenhouse gas emission reduction (category 1 and category 2) has short-term/mid-term/long-term goals. The achievement of the goals is as follows:
1. Greenhouse gas emissions (Category 1, Category 2)
(1) The Company reduced carbon emissions by 4.5% in 2023 compared to the previous year, and will continue to move towards the goal of reducing carbon emissions by 30% in 2030.
(2) In 2023, the decrease in carbon emission of major emission source category 2 is mainly due to the reduction of carbon emission by power-saving programs in each factory area. The Company will continue to monitor the emission.
2. Renewable energy utilization
(1) The Wujiang Plant and the Xiamen Plant, our main production bases, commissioned green electricity in 2021 and 2022, respectively. The use of green electricity in 2023 increased by 30.8% compared to the previous year.</td>
</tr>
</table>

7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	In 2023, we mainly studied the introduction of the internal carbon pricing methodology, and the feasibility of such introduction will be assessed in 2024.
8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, it should be explained of the exchange for the source and quantity of carbon reduction credits or quantity of Renewable Energy Certificates (RECs).	Based on Taiwan's net zero carbon reduction goal in 2050 and the carbon reduction goal for large customers leading small customers, a carbon reduction pathway for the net zero goal is proposed using 2021 as the base year. The 2030 greenhouse gases (scope I and II) are net zero emissions for office locations, and production site emissions are to be reduced by 30%, achieving net zero emissions for 2050. In 2022, the Company obtained the ISO14064-1 inspection declaration for the first time, completed the base year inspection and verification in 2021, and will continue the inspection and verification every year thereafter. By installing solar power generation equipment, increasing the use of renewable energy, updating energy-saving equipment and implementing energy-saving production management, we hope to gradually achieve our short-, medium-, and long-term reduction and net zero emission goals.

	2021	2022	2023	…	2025	…	2030	…	2050
Carbon Reduction Target	Base year	Office：			0~30%	3%~100%		100%	
		Production Location：			0~5%	5%~30%		30%~100%	
Total Energy Saving and Energy Creation (tons of CO_{2e})	-	6,572	11,254	-	-	-	-	-	-
Total CO_2 Emissions (Scope I+II) (ton)	84,729	63,862	61,014	-	-	-	-	-	-
Emission Intensity (tons / NT$100 million)	418	441	343	-	-	-	-	-	-
Reduction rate compared to base year (%)	-	24.6%	28.0%	-	-	-	-	-	-

Note: The greenhouse gas inventory for 2023 was taken by ourselves, and has not yet been verified by a third-party.

9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans:

9-1. Greeehouse gas inventory and assurance in the last 2 years

9-1-1 Greenhouse Gas Inventory Information (2021 and 2022)

Greenhouse gas emission volume (metric tons CO_{2e}), intensity (metric tons CO_{2e}/NTD million) and data coverage for the most recent two years:

On November 21, 2022, the Company obtained the 2021 ISO 14064-1:2018 Greenhouse Gas Verification Statement from third-party verification institution, SGS, and found that the 2021 greenhouse gas emission inventory of the Company and its subsidiaries was 98,182.237 tons CO_{2e}, GHG intensity was 4.84 (tons CO_{2e}/NTD million), greenhouse gas inventory data coverage: Category 1 + Category 2 + Category 4.

On September 21, 2023, the Company obtained the 2022 ISO 14064-1:2018 Greenhouse Gas Verification Statement from third-party verification institution, SGS, and found that the 2022 greenhouse gas emission inventory of the Company and its subsidiaries was 75,939.058 tons CO_{2e}, GHG intensity was 5.25 (tons CO_{2e}/NTD million), greenhouse gas inventory data coverage: Category 1 + Category 2 + Category 4.

Year	Category 1 (tons of CO_{2e})	Category 2 (tons of CO_{2e})	Category 4 (tons of CO_{2e})	Total Emission (tons of CO_{2e})	Inspection Standards	Guarantee Agency
2021	2,276.6063	82,452.1082	13,453.5226	98,182.237	ISO14064-1:2018	SGS
2022	3,144.2653	60,717.4105	12,077.3821	75,939.058	ISO14064-1:2018	SGS

Note 1: Amount of direct emissions (scope I/category 1, i.e. directly from emission sources owned or controlled by the Company), indirect emissions (scope II/category 2, i.e. indirect emissions from imported electricity, heat or steam) and other indirect emissions (scope III/categories 3~6, i.e. emissions generated from corporate activities that are not indirect energy emissions but come from sources owned or controlled by other companies).

Note 2: Greenhouse gas inventory standard: Based on ISO 14064-1 issued by the International Organization for

Standardization (ISO).

Note 3: The greenhouse gas emission intensity is calculated based on the turnover in NTD million.

9-1-2 Greenhouse Gas Assurance Information

As of the date of publication of the annual report, description of the assurance situation in the last 2 years, including the scope of assurance, body of assurance, criteria of assurance, and opinions of assurance:

Among the total greenhouse gas emissions disclosed by the Company and its subsidiaries in 2021, 98,182.237 tons of CO_{2e} (accounting for 100% of total emissions) were verified by the assurance agency SGS using ISO14064-3, and the assurance opinion was that the level of assurance for category 1 and category 2 for the Taiwan factory agreed is that of reasonable assurance, and the remote verification for categories 1 to 6 of the China factory and category 3 to category 6 of the Taiwan factory were conducted to obtain the verification statements for limited assurance.

Among the total greenhouse gas emissions disclosed by the Company and its subsidiaries in 2022, 75,939.058 tons of CO_{2e} (accounting for 100% of total emissions) were verified by the assurance agency SGS using ISO14064-3, and the assurance opinion was that the level of assurance for category 1 and category 2 for the Taiwan factory agreed is that of reasonable assurance, and the remote verification for categories 1 to 6 of the China factory and category 3 to category 6 of the Taiwan factory were conducted to obtain verification statements for limited assurance.

The greenhouse gas assurance information of the Company and its subsidiaries for 2023 will be disclosed in the ESG reports, and the complete assurance information will be disclosed in the next annual report.

Note: Amount of direct emissions (scope I/category 1, i.e. directly from emission sources owned or controlled by the Company), indirect emissions (scope II/category 2, i.e. indirect emissions from imported electricity, heat or steam) and other indirect emissions (scope III/categories 3~6, i.e. emissions generated from corporate activities that are not indirect energy emissions but come from sources owned or controlled by other companies).

9-2. Greenhouse gas reduction goals, strategies and concrete action plans

Greenhouse gas reduction base year and data, reduction targets, strategies and concrete action plans, reduction targets, and their state of achievement:

Taking 2021 as the base year for greenhouse gas reduction, the Company has emitted a total amount (scope I + II) of 84,729 tons of CO_{2e}. With the launching of energy saving measures for factory and machinery equipment, promotion of low carbon manufacturing, increasing production efficiency, implementation of green office and more, the Company will achieve the net zero emission of greenhouse gases (scope I and II) for office sites in 2030, and reduce emissions by 30% for production sites striving to achieve net zero emission of greenhouse gases by 2050.

The total amount of greenhouse gas emissions (scope I + II) in 2023 was 61,014 tons CO_{2e}, a decrease of 23,715 tons CO_{2e} (28%) from the base year, of which 17 energy-saving actions were implemented, which saved an estimated 20.6 million kWh of electricity, equivalent to the reduction of carbon emissions by 11,254 tons of CO_{2e}.

Note: Amount of direct emissions (scope I/category 1, i.e. directly from emission sources owned or controlled by the Company), indirect emissions (scope II/category 2, i.e. indirect emissions from imported electricity, heat or steam)

(VII) Fulfillment of Ethical Corporate Management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reason for any such deviations

Evaluation Item		Operating Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason.
		Yes	No	Description	
I. Establishment of ethical corporate management policies and programs	(I) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		In the employee's manual, it is specified that ethics are the principle for all employees to observe, and the "Ethical Corporate Management Best Practice Principles" are disclosed on the Company's website. The performance of ethical management is reported to the Board of Directors annually based on the "Ethical Corporate Management Best Practice Principles" in place. For robust ethical management, the HR Unit is in charge of the formulating and implementing of the ethical management policies and preventive measures, checking and evaluating whether the preventive measures established for implementation of integrity management are operating effectively, and regularly checks the compliance status of relevant business processes and should be reported to senior management. The Company should be reported to the board of directors for supervision at least once a year. Meanwhile, the following actions are taken to implement the ethical management: 1. The "Ethical Corporate Management Best Practice Principles" are disclosed on the Company's website and the ESG section discloses the ethical management policies, along with the annual campaign of employee ethical conducts and the ethical statement. 2. Produce promotional contents regarding integrity and ethics, to be broadcast on the Company's electronic bulletin board, such as intellectual properties, commercial integrity, protection of personal information, promotion of anti-trust and anti-corruption. 3. Annual signing through electronic means of "Code of Ethics and Integrity". 4. Require the signing of "Integrity Commitment" and "Declaration of Conformity with Supplier/Outsourcer Code of Conduct" before any transaction with suppliers or vendors. 5. Annual trainings related to ethic management are arranged.	No material deviation.
	(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular	✓		To implement ethical management, the Company has the "Ethical Corporate Management Best Practice Principles" and the "Codes of Ethical Management Policy" as the foundations for the management and employees to observe, and regularly or irregularly analyzes and evaluates possible occurrences within the business scope.	No material deviation.

Evaluation Item		Operating Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason.
		Yes	No	Description	
	analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?			Potential unethical risks are used to formulate measures to prevent unethical, and standard operating procedures and behavior guidelines related to work and business are stipulated in each plan to facilitate compliance. In the Company's employee's manual, it is specified that the Company may take disciplinary actions pursuant to the laws should there be any violations to the principles, in order to promote the prevention of unethical conduct. In the Corporate Ethic Policy, the Company states the prevention measures to the following unethical conduct. ●Prohibition of offering and acceptance of bribes ●Prohibition of illegal political donations ●Prohibition of improper charitable donations or sponsorships ●Prohibition of offering or acceptance of unreasonable presents or hospitality, or other improper benefits ●Prohibition of infringing on business secrests, trademark rights, patent rights, copyrights and other intellectual property rights ●Prohibition of conducting unfair competition ●Prevention of harmful products/services to stakeholders In the orientation provided on the first day on-board, all new recruits are required to understand the Procedures for Managing Employee Ethics and the Employee's Code of Conduct, which are available to them in the employee's manual. Furthermore, promotions are made via the internal communication channels from time to time, so that both management and employees appreciate that the ethic is a core value of the Company.	
	(III) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		The Company values ethics and integrity greatly and has formulated the "Ethical Corporate Management Best Practice Principles," "odes of Ethical Management Policy" and "The Rewards and Disciplinary sanctions Policy." To implement and enhance the ethics in the core of employees, the HR department holds the "Ethical Education" courses regularly and continuously promotes the standards of integrity conduct.	No material deviation.

Evaluation Item		Operating Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason.
		Yes	No	Description	
II. Implementing ethical operation	(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		1. All vendors with a business relationship must sign a promissory note of ethical transaction; rights and obligations of both parties when concluding contracts are specified therein. 2. Ethical requirements are specified in the employment contracts to all employees.	No material deviation.
	(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		For robust ethical management, the HR Unit is in charge of the formulating of the ethical management policies and preventive measures, as well as supervising the implementation should be reported to the board of directors at least once a year. The ethical management implementation of the year is disclosed on the Company's website. The Company has reported the ethical management implementation of 2023 to the Board of Directors on January 29, 2024, including: ●Target and implementation of ethical management. ●Annual trainings related to ethic management are arranged. ●Produce promotional contents regarding integrity and ethics, to be broadcast on the Company's electronic bulletin board, such as commercial integrity, protection of personal information and promotion of anti-trust.	No material deviation.
	(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		1. The "Rules and Procedures of Board of Director Meetings" set for the recusal system, requires directors to recuse themselves if they have interests in any proposal and may be harmful to the Company's interest, they shall refrain from the discussion and poll with recusal. 2. To implement the integrity management and control mechanism. Based on the scope of integrity duties, conduct an annual inventory of the list of individuals with integrity and conduct a "conflict of interest declaration investigation" on colleagues with integrity and supervisors at or above the department level. We also conduct classified control of integrity duties every year to strengthen the education and training courses on compliance with laws and regulations repectively. 3. Conflicts of interests shall be reported to the line managers or to the President's mailbox.	No material deviation.
	(IV) Does the Company have effective accounting and internal control systems in place to implement ethical	✓		The Company has established the effective "accounting system" and "internal control system" pursuant to laws. The internal audit unit will regularly assess unethical conduct risk and formulate audit plans, perform relevant audits according to its plans and perform project audits as needed, while regularly reporting to the Audit	No material deviation.

Evaluation Item		Operating Status: Yes	No	Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason.
	corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?			Committee and the Board of Directors for the results of the inspection, so that the management would understand the implementation of the internal control for the purpose of management.	
	(V) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The ethics promotion course is included in the orientation to the newly recruited. All functions carry out the promotions of the related ethic concept. General education courses of ethics and integrity are conducted regularly every year. The electronic signatures are required for verification. The ethical and integral conducts are continuously promoted. In order to establish the internal ethical norms, strengthen corporate governance and adopt to the government's initiatives of partnering with enterprises for anti-corruption, in 2023 two courses, namely general courses of ethic and integrity and antitrust law were arranged.	No material deviation.
III. Operation of the integrity channel	I. Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The Company has established the "Organizational Communication Management Policy" and the "Channels for Whistleblowers and Whistleblower Protection Mechanisms." Upon the acceptance of a whistleblowing complaint, an investigation will be assigned based on the duties. The related parties in the investigations will be kept confidential pursuant to the Personal Information Protection Act. If any illegal or unethical facts are known to any concerned persons when conducting business, they may report to their line managers or report such incident via the internal Employee Opinion Box and the auditors and HR will investigate the reports. The Company has set up an audit mailbox: Auditcommittee@darwinprecisions.com for internal and external parties to report any illegal (including corruption) and unethical conduct. The Chairman designate the head of the audit unit as the investigation unit to be responsible for handling the reporting cases. In addition, the "Organizational Communication	No material deviation.

Evaluation Item		Operating Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason.
		Yes	No	Description	
				Management Policy" are established under the "Procedures for Communication Management within the Organization" to encourage and support stakeholders to report and feedback pursuant to the laws. Attacking or retaliating against whistleblowers by any party is strictly forbidden. The content of the report should be sufficient and specific, including the real name, contact information, information of the alleged person(s). The whistleblowers can remain anonymous. The unit in charge will observe the requirements of confidentiality. The acceptance of whistleblowing, investigation and outcomes shall be documented for five-year retention by the dedicated unit. The Company has various internal channels, such as the sexual harassment complaint mailbox, the President's mailbox and the Employee Opinion Box. Periodic labor-employer meetings are convened pursuant to the laws for promoting labor-employer interactions.	
	II. Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		The Company has established the "Organizational Communication Management Policy" and the "Channels for Whistleblowers and Whistleblower Protection Mechanisms." Upon the acceptance of a whistleblowing complaint, an investigation will be assigned based on the duties. The related parties in the investigations will be kept confidential pursuant to the Personal Information Protection Act. After receiving the accusation, the relevant unit shall register each case, truthfully record and accept the accusation, and inform the informant of the investigation or handling results within two months of receiving the accusation; if it cannot be informed within the time limit, it shall explain the reason to the informant.	No material deviation.
	III. Does the Company adopt proper measures to protect a whistle blower from retaliation for his/her whistle-blowing?	✓		Pursuant to the "Channels for Whistleblowers and Whistleblower Protection Mechanisms," unless otherwise required by laws, the personal information and information provided and privacy of the whistleblowers are protected and kept confidential with proper measures. All departments of the Company and agencies or organizations that have jurisdiction over the reported unit, the person reported, and the content of the report shall cooperate with each other in accordance with their respective responsibilities, accept reports according to law, and jointly do a good job in protecting the legitimate rights and interests of the whistleblower. No unit or individual shall interfere with or hinder the undertaking unit and its staff from accepting	No material deviation.

<table>
<tr><th rowspan="2" colspan="2">Evaluation Item</th><th colspan="3">Operating Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reason.</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td></td><td>reports and investigating and handling reported cases according to law. Anyone who violates the provisions of this article shall be given disciplinary sanctions depending on the severity of the circumstances; if a crime is constituted, criminal responsibility shall be investigated according to law.</td><td></td></tr>
<tr><td colspan="2">IV. Strengthening information disclosure
Does the Company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>✓</td><td></td><td>The Company discloses the content and performance of the “Ethical Corporate Management Best Practice Principles” on the Company’s website.</td><td>No material deviation.</td></tr>
<tr><td colspan="6">V. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.:
The Company has established the ethical corporate management principles pursuant to the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.” The implementation does not differ materially to the established principles.</td></tr>
<tr><td colspan="6">VI. Other important information to facilitate better understanding of the company’s ethical corporate management practices: (e.g., reviewing and amending the company’s corporate management best practice principles).
For robust ethical management, the HR Unit is in charge of the formulating of the ethical management policies and preventive measures, as well as supervising the implementation should be reported to the board of directors at least once a year.
Meanwhile, the following actions are taken to implement the ethical management:
1. The “Ethical Corporate Management Principles” are disclosed on the Company’s website and the ESG section discloses the ethical management policies, along with the annual campaign of employee ethical conducts and the ethical statement.
2. Produce promotional contents regarding integrity and ethics, to be broadcast on the Company's electronic bulletin board, such as intellectual properties, commercial integrity, protection of personal information, promotion of anti-trust and anti-corruption.
3. Annual signing through electronic means of "Code of Ethics and Integrity".
4. Require the signing of "Integrity Transaction Agreement" and "Declaration of Conformity with Supplier/Outsourcer Code of Conduct" before any transaction with suppliers or vendors.
5. Annual trainings related to ethic management are arranged:
<table>
<tr><th>Description of Course</th><th>Number of employees attending trainings in 2023</th><th>Total training hours</th></tr>
<tr><td>Ethic, integrity and generalist courses</td><td>3,577</td><td>643.7</td></tr>
<tr><td>Sharing and promotion of anti-trust practice</td><td>17</td><td>17</td></tr>
<tr><td>Promotion of insider trading regulations and prevention</td><td>346</td><td>270</td></tr>
<tr><td>Ethics- Anti-corruption course</td><td>266</td><td>71.8</td></tr>
<tr><td>Ethics- Integrity and Anti-corruption (advanced) course</td><td>161</td><td>48.3</td></tr>
</table>
</td></tr>
</table>

(VIII) Inquiries to the Corporate Governance Best Practice Principles and Other Regulations

1. The Company has established the Corporate Governance Best Practice Principles and other regulations as follows:
   (1) Article of Incorporation
   (2) Rules of Procedures of Shareholders Meeting
   (3) Rules and Procedures of Board of Director Meetings
   (4) Rules for the Election of Directors
   (5) Remuneration Committee Organization Procedure
   (6) Audit Committee Charter
   (7) Codes of Ethical Conduct for Directors and Managerial Officers
   (8) Handling Procedures for Acquisition or Disposition of Assets
   (9) Handling Procedures for Capital Lending
   (10) Handling Procedures for Endorsement and Guarantee
   (11) Corporate Governance Principles
   (12) Ethical Corporate Management Principles
   (13) ESG Best Practice Principles
   (14) Regulations Governing the Board Performance Evaluation
   (15) Policy and Procedures for Risk Management
   (16) Rules and Procedures for Internal Material Information
   (17) Ethics and Integrity Handbook
   (18) Channels for whistleblowers and whistleblower protection mechanisms
   (19) Regulations Governing Party and Conglomerate Transactions
2. Inquiry method: Inquiry may be made under "Investor Relations/Corporate Governance/Major Internal Regulations" (https://www.darwinprecisions.com), or the "Regulations to Establish Corporate Governance" under "Corporate Governance" at MOPS (https://mops.twse.com.tw) for downloading.

(IX) Other information to facilitate better understanding of the company's operations of corporate governance:

The Company has the "Rules and Procedures for Internal Material Information," to specify the handling and disclosure procedure for the internal material information, for the directors, managerial officers and employees to comply with. The related procedure have been submitted to the Board of Directors and approved, before being announced in the Company, with the trainings to all employees, in order to avoid improper disclosure of information and ensure the consistency and accuracy of information disclosure.

(X) Implementation of the internal control system

1. Statement of Internal Control System: Please refer to Appendix 1.
2. If certified public accountants (CPAs) are retained to conduct a special audit of the company's internal control systems, the audit report shall be disclosed: None.

(XI) 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 results of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings and condition of improvement: None of great impact.

1. For the fines of environmental pollution, please refer to Chapter V. Operations Highlights- Disbursements for Environmental Protection in the annual report (page 101).
2. For the fines of labor dispute, please refer to Chapter V. Operations Highlights- Labor Relations in the annual report (page 104).

(XII) Material resolutions of a shareholders' meeting or a board of directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Materials resolutions of 2023 AGM and implementations

Key resolutions	Implementation
◆ Accepted 2022 Business Report and Financial Statements	◆ Resolution approved, and announcement was made on MOPS and the Company's website.
◆ Accepted the proposal for the distribution of 2022 earnings	◆ Resolution approved, and announcement was made on MOPS.
◆ Elected seven directors (including three independent directors) being the thirteenth-term directors	◆ The list of the elected includes Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang and Frank Ko as the representatives from AUO Corporation, Director; Feng-Cheng Su, Director; I-Shih Chen, Independent Director; Cheng-Chung Li, Independent Director; and Huei-Shih Lung, Independent Director. The term started from June 14, 2023 to June 13, 2026. The change to registration was approved by Ministry of Economic Affairs on June 28, 2023.
◆ Approved to lift non competition restrictions on board members	◆ Resolved to lift the AUO Corporation, Director and its representatives, Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang and Frank Ko; Feng-Cheng Su, Director; I-Shih Chen, Independent Director; Cheng-Chung Li, Independent Director; and Huei-Shih Lung, Independent Director from the non competition restrictions.

2. Material resolutions of a board of directors' meeting from 2023 up to the date of publication of the annual report

Date of meeting	Material resolutions
1st 2023 February 6, 2023	Accepted the Internal Control Systems Declaration for 2022 Approved the proportion to the appropriation of employees' remuneration and directors' remuneration Approved the amounts of employees' remuneration and directors' remuneration for 2022 Accepted the 2022 Parent Company Only and Consolidated Financial Statements Approved the 2023 service items, fees and independence assessment of the Certified Public Accountant Approved the 2023 Company's and subsidiaries' capital expenditure budget Approved the date of convening the 2023 Annual General Shareholders' Meeting, convening means, meeting agenda, submission period of shareholder proposals and directors nomination Approved the 2022 managerial officers performance bonus and annual compensation Approved the amendment of 2023 Managerial Officers Compensation Policy, Institution, Standard and Structure Approved the 2023 incentive program for retain talents Approved the renewal and addition of banking facilities Approved the amendments of the "Corporate Governance Principles" Approved the changes of Managerial Officers
2nd 2023 April 25, 2023	Approved the change of CPA due to the internal adjustment of Certificated Accounting Firm Accepted the Consolidated Financial Statements for the period ended March 31, 2023 Accepted the 2022 Business Report Accepted the proposal for the distribution of 2022 earnings and cash dividend Approved the nomination for the candidates of directors and independent directors Approved to lift the non-competition restrictions on directors and its representatives Approved the increase/reduction of the Company's and subsidiaries 2023 capital expenditure budget Approved additional long-term strategic equity investment
3rd 2023 June 14, 2023	Elected the Chairman of the thirteenth term Board of Directors Appointed the members of the Company's sixth-term Remuneration Committee

Date of meeting	Material resolutions
	Approved the changes of Managerial Officers
4th 2023 July 24, 2023	Approved the amendment of "Internal Control Systems" Accepted the Consolidated Financial Statements for the period ended June 30, 2023 Approved the increase/reduction of the Company's and subsidiaries 2023 capital expenditure budget Approved the distribution of 2022 employees' remuneration and bonus for managerial officers Approved the amendment of the "Authorization Matrix" Approved the renewal of banking facilities
5th 2023 October 27, 2023	Approved the 2024 annual audit plan Accepted the Consolidated Financial Statements for the period ended September 30, 2023 Approved the subsidiary's funds lending Approved the increase/reduction of the Company's and subsidiaries 2023 capital expenditure budget Approved the renewal and addition of banking facilities Approved the changes of Managerial Officers Approved the "Regulations Governing Party and Conglomerate Transactions"
1st 2024 January 5, 2024	Approved the disposal of equipments
2nd 2024 January 29, 2024	Accepted the Internal Control System Declaration for 2023 Accepted the 2023 Parent Company Only and Consolidated Financial Statements. Approved the 2024 service items, fees and independence assessment of the Certified Public Accountant Approved the 2024 Company's and subsidiaries' capital expenditure budget Approved the amendment to Articles of Incorporation Approved the date of convening the 2024 Annual General Shareholders' Meeting, means of convening, meeting agenda, submission period of shareholder proposals Approved the renewal and addition of banking facilities Approved distribution amount of employees remuneration and directors remuneration in 2023 Approved the 2023 remuneration of directors and managerial officers Approved the amendment to 2024 Managerial Officers Compensation Policy, Institution, Standard and Structure Approved the 2024 incentive program for retain talents
3rd 2024 March 1, 2024	Approved additional long-term strategic equity investment

(XIII) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(IVX) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer and chief research and development officer: None.

V. Information on Attesting CPA Professional Fees

(I) CPA professional fees

Unit: NT$ (thousands)

Name of Accounting Firm	Name of Accountants	Audit Period	Audit Fee	Non-Audit Fees	Total	Remarks
KPMG Certificated Public Accountants, Taiwan	Shyh-Huar Kuo Yen-Hui Chen	January 1, 2023 to December 31, 2023	3,800	850	4,650	The non-audit fees were the Transfer Pricing Report, Tax Compliance Audit and English Financial Report Translation.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

VI. Information about replacement of CPAs:

If any CPA was replaced in the recent two years and afterwards:

(I) About the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">April 25, 2023</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">Due to the internal adjustment of KPMG Certificated Public Accountants, Taiwan, Chun-Yuan Wu, CPA was replaced by Yen-Hui Chen, CPA.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td colspan="2">Counterpart
Status</td><td>Accountant</td><td>Client</td></tr>
<tr><td colspan="2">Termination of appointment</td><td>–</td><td>–</td></tr>
<tr><td colspan="2">No longer accepted (continued) the appointment</td><td>–</td><td>–</td></tr>
<tr><td>The Opinions other than Unqualified Opinions issued within the last two years and cause thereof</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Differences with the Company</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Scope or steps of audit</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosures
(To be disclosed under the sub-paragraphs 6.1(4)~(7) of Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)</td><td colspan="4">None</td></tr>
</table>

(II) About the successor CPA

<table>
<tr><td>Name of Accounting Firm</td><td>KPMG Certificated Public Accountants, Taiwan</td></tr>
<tr><td>Name of Accountants</td><td>Yen-Hui Chen, CPA</td></tr>
<tr><td>Date of commission</td><td>April 25, 2023</td></tr>
<tr><td>Consultation about the accounting treatment or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation results.</td><td>None</td></tr>
<tr><td>Written opinion from the successor CPA regarding the matters disagreed by the former CPA</td><td>None</td></tr>
</table>

(III) The former CPA's response to the items referred to in the sub-paragraphs 6(1) and (2)3 of Article 10 of the Standards: None.

VII. Name of Auditing Firm or Its Affiliates at Which the Company's Chairman, President or Managers Responsible for Financial or Accounting Matters was an Employee over the Past Year, His/Her Position and Employment Period: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests during the most recent fiscal year or (during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer or shareholder with a stake of more than 10%

during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Changes in shares held by of directors, supervisors, managerial officers and shareholders holding 10% or more of shares:

Unit: shares

Title	Name	2023		2024 up to April 16	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director and major shareholder	AUO Corporation	0	0	0	0
Representative of the Director, Chairman and CSO	Kuo-Hsin (Michael) Tsai	135,376	0	156,942	0
Representative of the Director, President	Sheng-Kai (SK) Huang	113,326	0	127,923	0
Representative of the Director	Frank Ko	0	0	0	0
Director	Feng-Cheng Su (Note 2)	0	0	0	0
Independent Director	I-Shih Chen	0	0	0	0
Independent Director	Cheng-Chung Li	0	0	0	0
Independent Director	Huei-Shih Lung	0	0	0	0
Vice President	KC Feng	83,964	0	92,879	0
Vice President and Chief Finance Officer	Kuo-Tai Ching (Note 3)	(14,432)	0	68,792	0
Associate Vice President	Martin Tsai	81,967	0	84,121	0
Associate Vice President	Danny Huang	82,273	0	91,100	0
Associate Vice President	Limbo FJ	91,274	0	91,101	0
Associate Vice President	Allen Lan	58,869	0	79,823	0
Associate Vice President	Wenbin Wu	66,101	0	102,795	0
Associate Vice President	CC Lee	66,099	0	102,793	0
Associate Vice President	Hermann Yen	31,016	0	58,343	0
Associate Vice President	Jay Chen (Note 4)	0	0	0	0

Note 1: Referring to these who still serve in the position on the publication date of the annual report. Referring to the increase (decrease) in shares held when serving as the director or managerial officer of the Company.

Note 2: The Company re-elected all the seven directors in the annual general shareholders' meeting on June 14, 2023.

Note 3: The Board of Directors of the Company approved the appointment of the Chief Finance Officer, Kuo-Tai Ching as Vice Presiedent on February 6, 2023.

Note 4: Mr. Chen Jay serve as the Associate Vice President on August 1, 2023.

(II) Any counterpart of a share transfer is a related party:

Name (Note)	Reason for equity transfer	Transaction date	Transaction counterparty	Relationship between Counterparty and the Company and its Directors, Supervisors and shareholders with shareholding Ratio exceeding 10%	Number of shares (thousand shares)	Transaction price
KC Feng	Inheritance (assigned)	2024.03.19	○-Chin Feng Hsiao	Lineal ascendants	1	14

Note: Referring to these who still serve in the position on the publication date of the annual report.

(III) Any counterpart of a share pledge is a related party: None.

IX. Relationship information, if among the company's top ten shareholders any one is a related party, or spousal relationship or a relative within the second degree of kinship of another

April 16, 2024; Unit: thousand shares; %

Name	Shares held by the shareholder		Shareholding of spouses and minor children		Shareholdings by nominee arrangement		Related parties, or spousal relationship or relatives within the second degree of kinship, among top ten shareholders, including their names and relationships		Remarks
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Name	Relationship	
AUO Corporation Representative: Shuang-Lang (Paul) Peng	190,108	28.56	0	0.00	0	0.00	Konly Venture Corp. Ronly Venture Corp.	Affiliate	-
Konly Venture Corp. Representative: Shuang-Lang (Paul) Peng	42,598	6.40	0	0.00	0	0.00	AUO Corporation Ronly Venture Corp.	Affiliate	-
Ronly Venture Corp. Representative: Shuang-Lang (Paul) Peng	40,509	6.09	0	0.00	0	0.00	AUO Corporation Konly Venture Corp.	Affiliate	-
Polunin Emerging Markets Small Cap Fund, LLC	8,450	1.27	0	0.00	0.00	0.00	-	-	-
Trust Holding for Employees for DARWIN PRECISIONS CORPORATION	7,605	1.14	0	0.00	0	0.00	–	–	–
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,859	0.88	0	0.00	0	0.00	–	–	–
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	5,858	0.88	0	0.00	0	0.00	–	–	–
Kao-Huang Lin	5,000	0.75	0	0.00	0	0.00	–	–	–
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	3,208	0.48	0	0.00	0	0.00	–	–	–
Te-Feng Weng	2,940	0.44	0	0.00	0	0.00	–	–	–

Note: The information is the entries recorded on the shareholders' register on date of book closure (April 16, 2024).

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

December 31, 2023; Unit: thousand shares

Invested enterprise (Note 1)	Investment made by the Company		Investment by directors, supervisors and managerial officers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)
Forhouse International Holding Ltd.	22,206	100.00	—	—	22,206	100.00
Forefront Corporation	653	100.00	—	—	653	100.00
Darwin Precisions (L) Corp.	76,846	100.00	—	—	76,846	100.00
DARWIN SUMMIT CORPORATION LTD. (Note 1)	40	40.00	—	—	40	40.00
Shine Biomedical Technology Corporation (Note 1)	3,672	34.00	—	—	3,672	34.00
Forward Optronics International Corporation	—	—	19,000	100.00	19,000	100.00
Fortech International Corp.	—	—	6,503	100.00	6,503	100.00
Darwin Precisions (Hong Kong) Limited	—	—	10	100.00	10	100.00
Fortech Electronics (Suzhou) Co., Ltd.	—	—	—	100.00	—	100.00
Suzhou Forplax Optronics Co., Ltd.	—	—	—	100.00	—	100.00
Forhouse Electronics (Suzhou) Co., Ltd.	—	—	—	100.00	—	100.00
Darwin Precisions (Xiamen) Corp.	—	—	—	100.00	—	100.00

Note 1: Long-term investment through the equity method by the Company

Chapter IV. Capital Overview

I. Capital and Shares

(I) Share Capital

Unit: share; NTD

Month/Year	Issuance Price (NTD)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
October 1989	10	500,000	5,000,000	500,000	5,000,000	Capital of foundation	None	-
May 1995	10	3,000,000	30,000,000	3,000,000	30,000,000	Capital increase in cash for NTD25,000,000	None	-
November 1997	10	19,000,000	190,000,000	19,000,000	190,000,000	Capital increase in cash for NTD140,000,000 Capital increase from surplus for NTD20,000,000	None	-
October 1998	10	30,000,000	300,000,000	30,000,000	300,000,000	Capital increase in cash for NTD90,000,000 Capital increase from surplus for NTD20,000,000	None	Note 1
October 1999	12 10	70,000,000	700,000,000	40,900,000	409,000,000	Capital increase in cash for NTD49,000,000 Capital increase from surplus for NTD60,000,000	None	Note 2
September 2000	14 10	70,000,000	700,000,000	48,500,000	485,000,000	Capital increase in cash for NTD49,000,000 Capital increase from surplus for NTD27,000,000 (Including the capital increase from the employees' bonus for NTD6,550,000)	None	Note 3
October 2001	32 10	70,000,000	700,000,000	70,000,000	700,000,000	Capital increase in cash for NTD157,900,000 Capital increase from surplus for NTD57,100,000 (Including the capital increase from the employees' bonus for NTD8,600,000)	None	Note 4
August 2002	10	140,000,000	1,400,000,000	86,000,000	860,000,000	Capital increase from surplus for NTD160,000,000 (Including the capital increase from the employees' bonus for NTD20,000,000)	None	Note 5

Month/Year	Issuance Price (NTD)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
September 2003	10	240,000,000	2,400,000,000	96,000,000	966,000,000	Capital increase from surplus for NTD106,000,000 (Including the capital increase from the employees' bonus for NTD20,000,000)	None	Note 6
February 2004	26.64	240,000,000	2,400,000,000	98,191,587	981,915,870	Convertible bonds (I) converted to common shares for NTD15,915,870	None	Note 7
April 2004	26.64	240,000,000	2,400,000,000	99,107,499	991,074,990	Convertible bonds (I) converted to common shares for NTD9,159,120	None	Note 8
August 2004	30 26.64	240,000,000	2,400,000,000	116,060,932	1,160,609,320	Capital increase in cash for NTD110,000,000 Convertible bonds (I) converted to common shares for NTD59,534,330	None	Note 9
November 2004	10 25.15	280,000,000	2,800,000,000	127,238,191	1,272,381,910	Capital increase from surplus for NTD69,553,750 Convertible bonds (I) converted to common shares for NTD42,218,840	None	Note 10
January 2005	25.15 31.15	280,000,000	2,800,000,000	131,444,315	1,314,443,150	Convertible bonds (I) and (II) converted to common shares for NTD42,061,240	None	Note 11
March 2005	25.15 31.15	280,000,000	2,800,000,000	140,575,467	1,405,754,670	Convertible bonds (I) and (II) converted to common shares for NTD91,311,520	None	Note 12
May 2005	54.6	280,000,000	2,800,000,000	172,575,467	1,725,754,670	Capital increase in cash for NTD320,000,000	None	Note 13
June 2005	25.15 31.15	330,000,000	3,300,000,000	174,120,378	1,741,203,780	Convertible bonds (I) and (II) converted to common shares for NTD15,449,110	None	Note 14
September 2005	10	330,000,000	3,300,000,000	202,006,698	2,020,066,980	Capital increase from surplus for NTD278,863,200 (Including the capital increase from the employees' bonus for NTD20,000,000)	None	Note 15
September 2005	25.15 26.86	330,000,000	3,300,000,000	202,591,765	2,025,917,650	Convertible bonds (I) and (II) converted to common shares for NTD5,850,670	None	Note 16
December 2005	26.86	330,000,000	3,300,000,000	202,632,718	2,026,327,180	Convertible bonds (II) converted to common shares for NTD409,530	None	Note 17

Month/Year	Issuance Price (NTD)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
March 2006	26.86	330,000,000	3,300,000,000	202,640,164	2,026,401,640	Convertible bonds (II) converted to common shares for NTD74,460	None	Note 18
October 2006	10	330,000,000	3,300,000,000	230,983,364	2,309,833,640	Capital increase from surplus for NTD283,432,000 (Including the capital increase from the employees' bonus for NTD20,000,000)	None	Note 19
October 2006	23.56	330,000,000	3,300,000,000	231,581,835	2,315,818,350	Convertible bonds (II) converted to common shares for NTD5,984,710	None	Note 20
March 2007	22.10	330,000,000	3,300,000,000	232,263,835	2,322,638,350	Employees' warrants converted to common shares for NTD6,820,000	None	Note 21
May 2007	23.56 22.10	330,000,000	3,300,000,000	261,525,791	2,615,257,910	Capital increase in cash for NTD250,000,000 Convertible bonds (II) converted to common shares for NTD29,159,560 Employees' warrants converted to common shares for NTD13,460,000	None	Note 22
October 2007	23.56 19.90	400,000,000	4,000,000,000	277,856,903	2,778,569,030	Capital increase from surplus for NTD151,265,510 (Including the capital increase from the employees' bonus for NTD20,000,000) Convertible bonds (II) converted to common shares for NTD7,215,610 Employees' warrants converted to common shares for NTD4,830,000	None	Note 23
November 2007	19.90	400,000,000	4,000,000,000	278,296,403	2,782,964,030	Employees' warrants converted to common shares for NTD4,395,000	None	Note 24
April 2008	30.67 19.90	400,000,000	4,000,000,000	278,828,108	2,788,281,080	Convertible bonds (III) converted to common shares for NTD2,967,050 Employees' warrants converted to common shares for NTD2,350,000	None	Note 25

Month/Year	Issuance Price (NTD)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
September 2008	10 9	520,000,000	5,200,000,000	339,144,748	3,391,447,480	Capital increase from surplus for NTD103,166,400 Capital increase from private placement in cash for NTD500,000,000	None	Note 26
October 2009	10	520,000,000	5,200,000,000	400,840,406	4,008,404,060	Employees' warrants converted to common shares for NTD29,555,380 Convertible bonds (III) converted to common shares for NTD41,549,680 Privately placed unsecured convertible bonds converted to common shares for NTD545,851,520	None	Note 27
February 2010	10	520,000,000	5,200,000,000	420,501,471	4,205,014,710	Employees' warrants converted to common shares for NTD48,550,580 Convertible bonds (III) converted to common shares for NTD148,060,070	None	Note 28
June 2010	10	520,000,000	5,200,000,000	421,373,963	4,213,739,630	Employees' warrants converted to common shares for NTD3,725,000 Convertible bonds (III) converted to common shares for NTD4,999,920	None	Note 29
November 2010	10	700,000,000	7,000,000,000	544,714,214	5,447,142,140	Merged with Taiwan Nano Electro-Optical Technology Co., Ltd. with NTD1,233,402,510	None	Note 30
December 2010	10	700,000,000	7,000,000,000	546,286,503	5,462,865,030	Employees' warrants converted to common shares for NTD12,415,000 Convertible bonds (III) converted to common shares for NTD3,307,890	None	Note 31
April 2011	10	700,000,000	7,000,000,000	546,592,628	5,465,926,280	Employees' warrants converted to common shares for NTD3,061,250	None	Note 32
July 2011	10	700,000,000	7,000,000,000	547,079,560	5,470,795,600	Employees' warrants converted to common shares for NTD4,869,320	None	Note 33
July 2011	10	700,000,000	7,000,000,000	497,612,560	4,976,125,600	Treasury shares written off for NTD494,670,000	None	Note 34

Month/Year	Issuance Price (NTD)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
September 2011	10	700,000,000	7,000,000,000	497,725,060	4,977,250,600	Employees' warrants converted to common shares for NTD1,125,000	None	Note 35
November 2011	10	700,000,000	7,000,000,000	473,919,560	4,739,195,600	Employees' warrants converted to common shares for NTD235,000 Treasury shares written off for NTD238,290,000	None	Note 36
March 2012	10	700,000,000	7,000,000,000	473,932,310	4,739,323,100	Employees' warrants converted to common shares for NTD127,500	None	Note 37
June 2012	10	700,000,000	7,000,000,000	481,715,633	4,817,156,330	Employees' warrants converted to common shares for NTD5,369,500 Convertible bonds (III) converted to common shares for NTD72,463,730	None	Note 38
August 2012	10	700,000,000	7,000,000,000	481,747,633	4,817,476,330	Employees' warrants converted to common shares for NTD320,000	None	Note 39
April 2013	10	700,000,000	7,000,000,000	456,330,633	4,563,306,330	Employees' warrants converted to common shares for NTD600,000 Treasury shares written off for NTD254,770,000	None	Note 40
May 2013	10	700,000,000	7,000,000,000	456,353,883	4,563,538,830	Employees' warrants converted to common shares for NTD232,500	None	Note 41
December 2014	10	850,000,000	8,500,000,000	781,245,114	7,812,451,140	Issued NTD4,294,763,830 to merge BriView Corporation; and NTD1,045,851,520 was written off due to the merger.	None	Note 42
March 2015	10	850,000,000	8,500,000,000	749,967,114	7,499,671,140	Treasury shares written off for NTD312,780,000	None	Note 43
November 2015	10	850,000,000	8,500,000,000	735,806,114	7,358,061,140	Treasury shares written off for NTD141,610,000	None	Note 44
June 2016	10	850,000,000	8,500,000,000	700,516,114	7,005,161,140	Treasury shares written off for NTD352,900,000	None	Note 45
November 2016	10	850,000,000	8,500,000,000	665,555,114	6,655,551,140	Treasury shares written off for NTD349,610,000	None	Note 46

Note 1: July 21, 1998, (1998) Tai-Cai-Zheng (I) No. 59473.
Note 2: July 21, 1999, (1999) Tai-Cai-Zheng (I) No. 63133.

Note 3: July 10, 2000, (2000) Tai-Cai-Zheng (I) No. 59075.
Note 4: July 18, 2001, (2001) Tai-Cai-Zheng (I) No. 144189.
Note 5: July 9, 2002, (2002) Tai-Cai-Zheng (I) No. 0910137128.
Note 6: July 15, 2003, (2003) Tai-Cai-Zheng (I) No. 0920131560.
Note 7: February 10, 2004, Jing-Shou-Shan-Zhi No. 09301020600.
Note 8: April 28, 2004, Jing-Shou-Shan-Zhi No. 09301068960.
Note 9: August 16, 2004, Jing-Shou-Shan-Zhi No. 09301153960.
Note 10: November 10, 2004, Jing-Shou-Shan-Zhi No. 09301207930.
Note 11: January 21, 2005, Jing-Shou-Shan-Zhi No. 09401008020.
Note 12: May 3, 2005, Jing-Shou-Shan-Zhi No. 09401078350.
Note 13: June 7, 2005, Jing-Shou-Shan-Zhi No. 09401099000.
Note 14: August 25, 2005, Jing-Shou-Shan-Zhi No. 09401167670.
Note 15: October 12, 2005, Jing-Shou-Shan-Zhi No. 09401199980.
Note 16: October 20, 2005, Jing-Shou-Shan-Zhi No. 09401207630.
Note 17: February 13, 2006, Jing-Shou-Shan-Zhi No. 09501024530.
Note 18: April 21, 2006, Jing-Shou-Shan-Zhi No. 09501073250.
Note 19: October 2, 2006, Jing-Shou-Shan-Zhi No. 09501222080.
Note 20: October 19, 2005, Jing-Shou-Shan-Zhi No. 09501236040.
Note 21: March 30, 2007, Jing-Shou-Shan-Zhi No. 09601060690.
Note 22: May 7, 2007, Jing-Shou-Shan-Zhi No. 09601098380.
Note 23: October 30, 2007, Jing-Shou-Shan-Zhi No. 09601266860.
Note 24: November 20, 2007, Jing-Shou-Shan-Zhi No. 09601282890.
Note 25: April 11, 2008, Jing-Shou-Shan-Zhi No. 09701087800.
Note 26: September 12, 2008, Jing-Shou-Shan-Zhi No. 09701235420.
Note 27: November 18, 2009, Jing-Shou-Shan-Zhi No. 09801267350.
Note 28: March 26, 2010, Jing-Shou-Shan-Zhi No. 09901045920.
Note 29: June 25, 2010, Jing-Shou-Shan-Zhi No. 09901125390.
Note 30: November 11, 2010, Jing-Shou-Shan-Zhi No. 09901251790.
Note 31: December 31, 2010, Jing-Shou-Shan-Zhi No. 09901291900.
Note 32: April 26, 2011, Jing-Shou-Shan-Zhi No. 10001083160.
Note 33: July 28, 2011, Jing-Shou-Shan-Zhi No. 10001171710.
Note 34: July 29, 2011, Jing-Shou-Shan-Zhi No. 10001163610.
Note 35: September 28, 2011, Jing-Shou-Shan-Zhi No. 10001222980.
Note 36: November 24, 2010, Jing-Shou-Shan-Zhi No. 10001263060.
Note 37: March 19, 2012, Jing-Shou-Shan-Zhi No. 10101047480.
Note 38: June 27, 2012, Jing-Shou-Shan-Zhi No. 10101119980.
Note 39: August 17, 2012, Jing-Shou-Shan-Zhi No. 10101171470.
Note 40: April 2, 2013, Jing-Shou-Shan-Zhi No. 10201052080.
Note 41: May 24, 2013, Jing-Shou-Shan-Zhi No. 10201088290.
Note 42: December 23, 2014, Jing-Shou-Shan-Zhi No. 10301264500.
Note 43: March 17, 2015, Jing-Shou-Shan-Zhi No. 10401046610.
Note 44: November 20, 2015, Jing-Shou-Shan-Zhi No. 10401246500.
Note 45: June 28, 2016, Jing-Shou-Shan-Zhi No. 10501134320.
Note 46: November 22, 2016, Jing-Shou-Shan-Zhi No. 10501268820.

April 16, 2024

Types of Shares	Approved Share Capital			
	Outstanding Shares	Unissued Shares	Total	Remarks
Registered Common Shares	665,555,114	184,444,886	850,000,000	Listed Shares

Information Related to Shelf Registration: N/A

(II) Shareholder Structure

Base date of shareholdings : April 16, 2024

Shareholder structure / Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign Institutions and others	Total
Persons	4	13	101	55,200	120	55,438
Shares Held	492,240	13,303,757	275,861,198	333,162,326	42,735,593	665,555,114
Shareholding percentage (%)	0.07	2.00	41.45	50.06	6.42	100.00

(III) Distribution of Equity Ownership

1. Common shares

Base date of shareholdings : April 16, 2024

Shareholding category	Number of shareholders	Shares Held	Shareholding percentage (%)
1 to 999	19,933	2,919,378	0.44%
1,000 to 5,000	25,705	57,200,319	8.59%
5,001 to 10,000	4,821	39,586,467	5.95%
10,001 to 15,000	1,441	18,686,334	2.81%
15,001 to 20,000	1,067	20,181,442	3.03%
20,001 to 30,000	867	22,664,795	3.41%
30,001 to 40,000	388	14,155,939	2.13%
40,001 to 50,000	297	13,998,354	2.10%
50,001 to 100,000	513	37,279,021	5.60%
100,001 to 200,000	220	32,097,838	4.82%
200,001 to 400,000	96	25,956,114	3.90%
400,001 to 600,000	35	16,652,144	2.50%
600,001 to 800,000	15	10,588,869	1.59%
800,001 to 1,000,000	8	7,296,948	1.10%
1,000,001 and above	32	346,291,152	52.03%
Total	55,438	665,555,114	100.00%

2. Preferred shares: the Company has not issued any preferred shares.

(IV) List of Major Shareholders (Top ten shareholders who own most shares)

Base date of shareholdings : April 16, 2024 Unit: shares

Shares / Name of major shareholder	Shareholding shares	Shareholding percentage
AUO Corporation	190,107,961	28.56%
Konly Venture Corp.	42,598,076	6.40%
Ronly Venture Corp.	40,509,046	6.09%
Polunin Emerging Markets Small Cap Fund, LLC	8,450,000	1.27%
Trust Holding for Employees for DARWIN PRECISIONS CORPORATION	7,604,860	1.14%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,858,570	0.88%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	5,857,900	0.88%
Kao-Huang Lin	5,000,000	0.75%
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	3,208,000	0.48%
Te-Feng Weng	2,940,000	0.44%

(V) Market value, net value, earnings and dividends per share during the most recent two years

Unit: NTD

Item			2022	2023	As of March 31, 2024
Market price per share (Note 1)	Highest		16.50	20.20	17.80
	Lowest		8.20	8.61	13.25
	Average		12.36	15.29	16.40
Net value per share	Before distribution		14.02	13.86	Note 8
	After distribution (Note 2)		13.86	Note 7	-
Earnings per share	Weighted average number of shares (thousand shares)		665,555	665,555	665,555
	Earnings per share (Note 3)		0.19	0.17	Note 8
Dividends per share	Cash dividends		0.15321035	Note 7	-
	Stock dividends	Out of earnings	-	Note 7	-
		Out of additional paid-in capital	-	Note 7	-
	Accumulated, unpaid dividends		-	Note 7	-
ROI analysis	Price earnings ratio (Note 4)		55.79	75.76	Note 8
	Price dividend ratio (Note 5)		69.19	Note 7	-
	Cash dividends yield (Note 6)		1.45%	Note 7	-

Note 1: List the highest and lowest market price of each year and calculate the average market price based on the turnover volume and value each year.

Note 2: List based on the number of shares outstanding at the end of the year and the distribution resolved by Board of Directors or the AGM next year.

Note 3: Refers to the basic earnings per share.

Note 4: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 5: P/D ratio = Average closing price per share during the current fiscal year/Cash dividends per share.

Note 6: Cash dividend yield = Cash dividends per share/Average closing price per share for the current year.

Note 7: Earnings distribution is subject to the resolution of the Board of Directors or 2024 annual general meeting

Note 8: As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

(VI) Dividends policy and Implementation

1. Dividends policy in the Articles of Incorporation

The dividends policy in the Articles of Incorporation in effect:

Article 18-2

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid in capital. Certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulations or as requested by the competent authority. If there is still remaining earning, it shall be combined with the accumulated undistributed earnings for the Board of Directors to prepare an earnings distribution proposal in order to execute the distribution thereof through resolution according to the laws. Dividend distribution in the form of shares in whole or in part shall be approved by the shareholders' meeting. Dividend distribution in the form of cash shall be approved by the Board of Directors and a report of such distribution shall be submitted to the shareholders' meeting. The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, and taking into account the shareholders' interest, maintenance of a balanced dividend and the Company's long term financial plan. The shareholders' dividend distribution ratio, in principle, could be zero percent to eighty percent of the distributable earnings. The ratio of the cash dividends paid shall not be less than thirty percent of the total amount of the cash and stock dividends paid in the current year.

2. The intended dividends distribution proposed in this AGM

As of the publication date of the annual report, the Board of Directors has not yet approved the proposal for 2023 earnings distribution. The Company will convene a Board meeting 40 days prior to the annual general meeting, as required by law, to resolve it. The related information will be announced on MOPS at that time.

3. If a material change in dividend policy is expected, provide an explanation: No material change.

(VII) The effects of stock grants proposed at this shareholders' meeting on business performance and earnings per share:

The Company has not disclosed the financial forecasts for 2024, and thus this is not applicable.

(VIII) Employee and directors' remuneration

1. The Articles of Incorporation stipulation

The Articles of Incorporation of the Company in effect stipulates that:

(1) Article 18:

Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 1% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration.

(2) Article 18-4:

The employees who are entitled to the bought back shares to be transferred by the Company, employee stock option, employees remunerations in the form of shares or cash, the new shares reserved for employees subscription in the Company’s share offering and restricted employee stock include employees of subsidiaries of the Company meeting certain specific qualifications and the Board of Directors or the person duly designated by the Board of Directors is authorized to decide such qualifications and allocation.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, 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:

The Company estimates the employees and the directors’ compensation based on the profit of the year (*i.e.*, the profit where the pre-tax income deducting the compensation distributed to employees and directors), deducting the accumulated losses and multiplying the percentage of employees and directors’ compensation specified on the resolution of Board of Directors. Such compensation will be recorded as operating costs or proper item under the operating expenses based on the nature of employees and directors’ compensation. Should there be any changes after the publication date of the financial statement next year, such changes will be treated as accounting estimation change and the effect of such changes will be recognized as income/loss of the next year.

3. Information on any approval by the board of directors of distribution of compensation:

(1) Remuneration to employees and directors allocated in cash or in the form of stock bonus:

The Board of Directors of the Company approved the employees’ and directors’ remuneration for 2023 on January 29,2024, and paid NT$8,873,207 in cash for employees and NT$887,321 for directors. There is no difference from the estimated amount of the recognized expense year.

(2) The amount of employees’ remuneration distributed in shares and the percentage in the net profit after tax in the parent-only or individual financial statements and in the total employees’ remuneration:

The Company does not distribute employees’ remuneration in shares and thus this is not applicable.

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 discrepancies between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause and how it is treated: The actual employees’ and directors’ remuneration for 2022 distributed in cash were NT$15,814,345 and NT$1,581,435 in 2023. The actual amount is identical to the estimated amount.

(IX) Status of a company repurchasing its own shares: For the recent year up to the publication date of the annual report, the Company has not repurchased any shares.

II. Issuance of Corporate Bonds (including unretired bonds and unissued bonds for which an issue is currently under preparation)

(I) Issuance of corporate bonds: None.
(II) Convertible corporate bonds: None.
(III) Exchange corporate bonds: None.
(IV) Corporation bonds for shelf registration: None.
(V) Corporation bonds with warrants: None.

III. Issuance of Preferential Shares (outstanding and unissued shares for which an issue is currently under preparation)

(I) Issuance of preferential shares: None.
(II) Preferential shares with warrants: None.

IV. Global Depositary Receipts (receipts issues that remain partially outstanding, and on unissued receipts for which an issue is currently under preparation): None.

V. Issuance of Employee Share Subscription Warrants

(I) The unexpired employee subscription warrants issued by the company in existence as of the date of publication of the annual report, and shall explain the effect of such warrants upon shareholders' equity: None.
(II) The names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report: None.

VI. Issuance of New Restricted Employee Shares

(I) For all new restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, the annual report shall disclose the status up to the date of publication of the annual report and the effect on shareholders' equity: None.
(II) Names and acquisition status of managerial officers who have acquired new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares acquired, cumulative to the date of publication of the annual report: None.

VII. New shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies

(I) During the current fiscal year up to the date of publication of the annual report, the company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.
(II) The Board of Directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

VIII. Implementation of the Capital Allocation Plans

(I) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: None.
(II) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: Not applicable.

Chapter V. Operational Highlights

I. Business

(I) Scopes

1. Major Businesses of the Company

Numbe	Code	Description of Business
1	CC01080	Electronics Components Manufacturing
2	CC01120	Data Storage Media Manufacturing and Duplicating
3	CQ01010	Mold and Die Manufacturing
4	C805010	Manufacture of Plastic Sheets, Pipes and Tubes
5	C805050	Industrial Plastic Products Manufacturing
6	C805990	Other Plastic Products Manufacturing
7	CA02990	Other Metal Products Manufacturing
8	CE01990	Other Optics and Precision Instrument Manufacturing
9	CC01030	Electrical Appliances and Audiovisual Electronic Products Manufacturing
10	F401010	International Trade
11	I501010	Product Designing
12	CC01040	Lighting Equipment Manufacturing
13	ZZ99999	All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Sales Weight of Each Product in 2023

Product	Sales amount (thousand NTD)	Weight (%)
LCD monitor & Modules	13,258,901	74.61
Optronic Products & Precision component	4,511,081	25.39
Total	17,769,982	100.00

3. Current Products and Services

The Company is a leading manufacturer that integrates the upstream and downstream, from optical components, precision machine parts and molds, and full-size backlight modules to television products and services. We produce professional backlight module products including LCD TVs, personal monitors, notebooks, and automotive monitors.

4. New Products (Services) Intended to be Developed

With the full support from the industry R&D team and technical cooperation, the Company, combining the enterprises under the same group, developed various display modules (including desktop displays, notebooks, automotive displays, public information displays, medical displays and smart bus stop systems, smart traffic display system, and etc.), related component module product technologies (including medical, electric vehicles, light guide plates, LED Lens, metal and plastic parts, and insert molding parts, etc.) and OLED mask (FMM) and precision mold production). In order to provide clients a one-stop complete design services, the company constructs a one-stop service, from product planning, R&D designing, to the complete product manufacturing. Furthermore, to let the consumers experience a vertically integrated total solution, the Company covers all the design of key component, backlight, and LCD panel, and the development of production and manufacturing mold. Combining all the benefits as above, the Company developed the unique core capabilities to grasp the global competitive advantages.

Therefore, the Company focuses on the development of the following new technologies and products:

Technologies/ Products Developed	Description of Function
Development of brightened LGP (High Efficiency)	The newly developed pyramid structure dots may directly increase the brightness of the BLU through the horizontal and vertical light collection characteristics of the pyramid to meet the energy-saving requirements. Applicable to side-lit backlights below 32.”
Development of Frontlight LGP (applied EPD and RLCD)	By minimizing the microstructure, the vision of human eyes will be more micro-transparent, and the structure is optimized, the contrast and brightness of screen is enhanced and the readability of front lit products are greatly improved.
Technology integrating IME	After adding the printed circuit to the film in the in-mold

Technologies/ Products Developed	Description of Function
	injection process, through the injection molding method, the molding and decoration or circuit can be achieved simultaneously, to effectively reduce the thickness of the finished product and the assembly time.
Development of curved LGP for automotive	Combining precision molds and molding technology with advanced optical design simulation, the curved light guide plates (LGP) for automotive are developed, to meet the diversified applications in automotive dashboards, center consoles and rear mirrors. Currently, the 12.3"Curved LG has mass production and the future development is oriented to 34" Curved Bar Type LG(12.3 x2).
Automotive Display Modules With Switchable Viewing Angles	Monitors for co-drivers have the need for electronically switchable viewing angles in consideration of driving safety. The proposal currently proposed by the Company is a dual-layer backlight structure. The upper half is responsible for the light-field of the sharing state. The lower half is responsible for the light-field of the private state.
Automotive Mini LED Backlight	A lamp cup design was adopted with new five-sided light-emitting LEDs to design a backlight module with local dimming effects.
High-efficiency NB Backlight Modules	New film structures were designed to work with the microstructures on the light guide plate in order to extract the highest optical efficiency. It is applied on portable monitors and can prolong the battery life of products significantly.
Low blue light MNT LCM	By adjusting the wavelength of the LED chip and re-matching other optical components, the proportion of harmful blue light can be effectively reduced to achieve the effect of low blue light eye protection.
Borderless MNT LCM	Through the development of highly reflective printed light guide plates and O/C process adjustment, the visual effect of borderless on all sides is achieved.
Ultra-thin LGP Injection Process	An ultra-thin pmma/pc LGP was developed by improving the molding technologies and optimizing the injection parameters.
Development of technology for high brightness and energy-saving of outdoor displays	Developing high-resolution displays with ultra-high brightness, energy-saving area backlight control, combined with high-efficiency heat dissipation, water and dust-proof, weather-resistant and sunshine-resistant. Develop total solutions of large-sized display applications, such as outdoor station signs and video walls, while providing customized and standardized design modules for clients to choose from.
Development of public information display with electronic paper	Utilizing the ultra-low power consumption feature of electronic paper, a public message display for remote broadcast may be provide via communication technologies such as BLE/4G/WiFi/LAN. Its low power consumption enables the power supply from solar panels and batteries to be possible, without connection to the grid.
Smart Field System Development	The Company combines various display devices (LCD/EPD/...) with front-end devices and back-end management systems with functioning operating systems, and integrates various sensing devices and AI technology according to field requirements (ToF/Face Recognition/AI...) required for different scenarios to provide entire solutions.
FPGA applications for professional display products	Apply the programmable logic gates of FPGA to achieve hardware acceleration functions meeting product requirements, or to generate hardware circuit functions not available in general ICs via programmable logic. Features HDR display, photography assistance ... and other functions to meet the needs of real-time confirmation of the quality of photography.
Development of the UFO TOUCH non-contact button	This technology makes use of a matrix lens in conjunction with specialized graphic files to produce the illusion of floating 3D images. By integrating it with floating touch

Technologies/ Products Developed	Description of Function
	technology, a multitude of application products can be created that enable users to manipulate images in the air, thereby enhancing the intuitiveness of the operating experience.
Location-Based Service (LBS)	Displays different contents based on the location information. The contents may be updated remotely via the internet.
Fine metal masks (FMM)	Responding to the demands to high resolution and large display products, the FMMs meeting the end-demands are developed. Fine metal masks are mainly applied to various OLED panels, such as smart phones, watches, bracelets, displays for automotive, notebooks, tablets and other display products.
Microfluidic biomedicine and sensing chip	Combining precision mold core processing, casting, transfer technology and simulation design, we develop organ chips for biomedical applications and precision medical testing chips.
Dissolvable microneedle patch	Integrated precision mold processing and electrochemical technologies and developed microneedle patches with fine structures. This product is a new transdermal delivery technology that can penetrate the stratum corneum and work directly on the dermis layer; it can be used for medical aesthetics, medical treatment, vaccines and bio-sensing applications in the future.

(II) Industry overview

1. Current status and development of the industry

The display industry has a wide range of applications, including consumer electronics applications such as smartphones, notebook computers, and TVs. In the past, they were the main source of operating energy for panel manufacturers. However, in recent years, the introduction of new technologies, including LCD, OLED, Mini/Micro LED, and so on, continued development, coupled with the adoption of 5G and AI technologies, has increased the value of the overall display industry and further expanded the application scenarios.

Display panel prices have been falling for a long time. Although the demand for business models is still weak at present, the signs of stabilizing demand for consumer models are gradually emerging. Some brand customers also believe that the price is approaching the bottom and that purchases are gradually increasing. In 2023, the supply and demand for large-size panels has returned to a healthy level. In addition to TV panel customers continuing to pull in stock, IT panels, including monitors and notebooks, are also nearing the end of their inventory. Some monitor panel prices are expected to rise slightly, the large-size panel market will grow quarter by quarter.

In 2023, the market demand for niche product lines such as automotive, industrial control, and medical care is relatively stable. The automotive panels have become a significant technology, and major display manufacturers are actively deploying their strengths. The number of automotive panels continues to grow. With the rise of smart cars and self-driving cars, how to make automotive display systems more intelligent has become a battle for each car manufacturer. This stimulates the demand for automotive panels, from entertainment applications to digital dashboards. Digitization has now entered the stage of the smart cockpit.

2. Correlations among the up-, mid- and downstream industries

The Company’s main products are the key components of flat panel displays. The upstream, midstream and downstream structures of the flat panel display industry are listed as follows:

Upstream industries	Glass substrate, color filter, polarizer, driver IC, printed circuit board, fine metal mask, optical grade acrylic plate, light guide plate, backlight source, panel, electronic paper, etc.
Mid-stream industries	Backlight modules, and LCD modules, among other things
Downstream industries	LCD TVs, tablets, notebooks, desktop displays, mobile communications, commercial displays, e-books and other electronic products.

3. Development trends and competition of products

Development trends of products:

Products and services	Development trends
Backlight modules and LCD modules	Mini LED / Micro LED display, 3D display, curved display, high-brightness/ultra-thin/ultra-narrow bezel display, touch panel technology, flexible electronic paper display technology, AMOLED display technology
Key components	Privacy protection light guide plates technology, high-brightness ultra-power-saving lignt guide plates made with fly-cutting technology and optical components for mini Lens Sheet and Guiding Lens.

Products and services	Development trends
System integration solutions	Touch display solutions, smart healthcare solutions, and smart mobility solutions
Ultra-precision processed components	Fine metal masks, semiconductor package and other precision metal processing applications

Competition status:

Competitors	Business	Business in competition
Coretronic Corporation	Digital projectors, backlight and touch modules, industrial and medical displays	Backlight modules and LCD displays
Radiant Opto-Electronics Corporation	LGPs and backlight modules	LGPs and backlight modules
Wistron Corporation	Computer systems, servers and network storage equipment, home appliances and communication products	OEM assembly of LCDs and end products
Dai Nippon Printing Co., Ltd	Displays and electronic components in the electronic machinery industry	Fine metal masks

(III) Overview of technologies and developments

1. Research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Fiscal year	2022	2023
Total R&D Expenses (NT$ thousands)	355,674	351,346

2. The successfully developed technologies or products during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

A. Design and development capabilities for direct backlight (including mini LED Back Light)
- a-1. Reduce product thickness by controlling the light source design with reflective lens
- a-2. Development of thin light guide lens to achieve ultra-thin backlight design
- a-3. Development of microstructure boards has reduced the number of LEDs or thickness of the product
- a-4. With diffuser printing, the number of LEDs is effectively reduced
- a-5. Development of reflective sheet printing optics and ink development to optimize the visual quality of the module in the screen
- a-6. Backlight area control to achieve high contrast effect
- a-7. Development of new structure and emboss on the lamp board to reduce the thickness of the product
- a-8. Design and process the structure on the surface of the mini LED light board to reduce the number of LEDs
- a-9. Designed lamp cup structures to use on automotive monitors, which can solve the problem of the Hello Effect

B. Design and development capabilities of edge-in backlight
- b-1. New microstructure pattern meets high brightness requirements
- b-2. Mass production and design of highly directional structure LGP
- b-3. Development and design of a new generation microstructure pattern for ultra-brightness
- b-4. Designed new prism sheets to work with microstructure light guide plates, further improving BLU luminance
- b-5. New automotive Light Guide Plate (LGP) design that can switch the viewing angle directly with the backlight

C. Precision optical design and processing technology application development
- c-1. Electric carving process technology development: able to improve the brightness efficiency of the backlight module; applicable to TV/MNT/GD/NB
- c-2. Electric carving process technology development: able to improve the brightness and contrast of the front light module, and applicable to the front light panel
- c-3. Two-way V-cut processing, with depth accuracy of ±0.1um
- c-4. Dot intermittent V-cut. Able to vastly improve hot spot taste and reduce the product border

D. Backlight modules for narrow-bezel thin type notebook
- d-1. Design and manufacture of inserts in the integral iron and plastic frame
- d-2. Design and manufacture of ultra-thin light guide plate
- d-3. Design and manufacture of 4.0mm ultra-narrow light-in bezel
- d-4. Design and manufacture of ultra-thin module (1.7mm)
- d-5. With design and development high-brightness and energy-saving LGP
- d-6. 16” 0.45t LGP injection development

E. Development capability of 6.5”- 34” backlight modules for automotive
- e-1. Development and design technology for injected/compressed molds
- e-2. Manufacturing process of engineering ultra-precision and high-precision parts
- e-3. Development and design of thin or curved light guide plates
- e-4. Development and design of iron and plastic products for automotive
- e-5. Development and design of integrated iron and plastic inserts for automotive
- e-6. Development and design of narrow bezel modules
- e-7. Lamp cup mini-LEDS backlight design

F. Development of fine metal masks (FMM)
- f-1. Development and production of FMM required for smartwatches OLED panels
- f-2. Development and production of FMM required for smartphones OLED equipment
- f-3. Development of FMM for large-size(Pad/Notebook/Monitor, 8”-30”) OLED displays

G. Development of environmental and energy-saving SDM monitor for public information
- g-1. Design of 2K/4K high-brightness panel backlight module
- g-2. Mechanism design supporting vertical, horizontal and video wall hanging
- g-3. Hardware design supporting signal wake-up and video wall display function
- g-4. Software design supporting remote control, scheduled automatic switch on/off, multimedia playback... etc.
- g-5. High brightness, heat dissipation and dust- and waterproof structure design (IP 5X, IP 6X)
- g-6. Standardized module design, compatible with products of various brightness specifications
- g-7. May be used with Intel SDM module, with built-in software and hardware control interface
- g-8. Compliant with European regulations Erp and Energy Star 8.0 design specifications

H. Development of digital billboard and smart bus stop system
- h-1. Android APK design, customization of software function and display interface
- h-2. Mechanism with dust- and waterproof design, system heat dissipation design, sunshine-resistant, suitable for outdoor environment
- h-3. Displaying real-time train/bus information and advertising push function
- h-4. Design of backstage management system that sets up the smart bus stops and replaces contents of advertising broadcasted through the internet
- h-5. Active bus stop hardware monitoring, keeping real-time control over the operation of bus stops, and improving management convenience
- h-6. APK remote updating, improve product function scalability

I. Development of electronic paper for public display application system
- i-1. T-CON board design for e-paper panel, responding to various e-paper panel drive requirements
- i-2. Design of solar power supply system, for independent power supply to reduce demand on external power
- i-3. Design, function and display interface customization of Linux software
- i-4. Water- and dust-proof design for mechanism to meet the conditions of outdoor environment use
- i-5. Design of backstage management system that detects and sets up displays and replaces contents of advertising push
- i-6. The front light panel lighting design improves the visibility at night and texture of the product
- i-7. Development of low-power consumption system board to extend battery standby time
- i-8. Remote software update, for convenient system maintenance

J. POS device based on modular design.
- j-1. POS products for restaurants, cinemas, gas stations, etc.
- j-2. To meet the needs of customers for various product combinations, the components are modularized to enhance mutual compatibility, and to extend various functional products.
- j-3. Splash-proof design, whole-device strength design, overall stability design, ID design

K. Field System Development – Energy-saving AI smart display solution
- k-1. Android APK design, customization of software function and display interface
- k-2. The waterproof, dustproof, and corrosion-resistant design of the outdoor reflective display unit is suitable for use in outdoor marine environments
- k-3. AI image recognition detection and warning prevent personnel from accidentally traversing the motorcycle lane and prevent traffic accidents
- k-4. The mobile full-color e-paper billboard replaces paper posters and can broadcast information such as boarding routes, government decrees, and advertisements
- k-5. AI-based virtual smart customer service that provides information such as sightseeing and transportation through intuitive dialogue and interaction, and supports multiple languages
- k-6. Backend management system design allows for setting the smart display device (LCD/EPD) online so as to flexibly change the multimedia push content.
- k-7. Active intelligent display device hardware monitoring, real-time monitoring of the operational status of the intelligent display device to enhance the convenience of management.
- k-8. APK remote updates, enhancing expandability of product functions.

L. Display modules with adjustable curvature

l-1. The back panel curvature can be adjusted according to customer needs, and the back panel mold does not need to be re-opened due to the different curvature

l-2. Available in C Type and J Type

l-3. Choosing to match or not match the touch module

l-4. Choosing to match or not match AD board

M. Photography auxiliary display of using field programmable logic gate

m-1. The feature of programmable logic gate is used to develop the IP of the photography auxiliary function

m-2. Use color correction to achieve Delta E < 2 of the Rec.709 color gamut commonly used in photography

m-3. The heat dissipation structure design is used to achieve the purpose of fanless, and avoid the noise generated by the fan that rotates for heat dissipation

m-4. Supports Video Cross Loop function, making video signal transmission between devices more flexible (SDI In -> HDMI Out . HDMI In->SDI Out)

N. Dissolvable microneedle patch

n-1. Microneedle density and height can be adjusted according to customer needs

n-2. The new transdermal delivery technology can achieve faster and more effective results

n-3. Available in long-acting and instant-dissolving versions, customized ingredient formulas can be used in the field of medical aesthetics, medicine and pharma

O. Elevator UFO TOUCH non-contact button

o-1. Intuitive guided operations achieve a better experience

o-2. Prevent simultaneous sensing function on multiple floors to avoid accidental touch problems

o-3. Keep physical button function

o-4. Single button design allows quick replacement

(IV) Long and Short-Term Business Development Plans

The Company attaches great importance to the research and development abilities and sophisticated production techniques, the Company is a leading provider of integrated upstream and downstream services from optical components, precision manufactured parts and molds, full-size backlight modules to TV products. The Company produces professional backlight module products including LCD TVs, personal monitors, notebook and automotive monitors. To improve efficiency and strengthen competitive advantages, we integrate the upstream supply chain of light guide plates and iron parts, and set up a panel module assembly process and a backlight module design, R&D and manufacturing company. Furthermore, in addition to possessions of various R&D patents in domestic, Europe, the U.S, Japan and other places, the Company also continuously strives to improve and breakthrough in terms of production technology; new technologies, new light sources and new materials applications are developed to become a professional manufacturer that effectively integrates electronics, optics, mechanism design, injection molding, precision screen printing and other mass production technology vertically.

1. Short-Term Business Development Plans

A. Ultra-precision optical technology design and machining, optical mold development and other technologies. DARWIN also completed the research and development and manufacturing of privacy protection light guide plates and high-brightness ultra-power-saving light guide plates technology. The products obtained certification from international customers and officially entered mass production and shipment.

B. Backlight Display Technology of a Mini LED: The Company owns patented designs for light guide lens, structured films, and network layout to guide the direction of lights to improve the overall luminous efficiency; it is used with local dimming and has the features of lightweight, energy-saving, high color, high brightness, and luminance. It allows the thickness of the direct-light-type light guide plate to be the same as the wedge-type light guide plate, maintaining superior high brightness, high contrast, and wide gamut performances.

C. Development of design and manufacturing capabilities that combine modules such as optical and mechanical components, including metal parts, plastic parts, light guides, backlights and display panel modules and systems. This provides customers with an array of cutting-edge products that offer wide-ranging applications in the automotive, industrial control systems, medical equipment, photography, and education sectors, which enhance technical capabilities and overall derived value of the products.

D. In the precision components business (FMM, fine metal masks for OLED applications), the company has focused on the research and development of FMMs used in high-resolution products. The components are commonly used in smartwatches, smartphones and Tablet/Notebook OLED products. DARWIN has also actively planned the research and development of large-size FMMs for large-size OLED (>10”) panels, in line with the future development trend of AMOLED display sizes.

2. Long-Term Business Development Plans

A. Maintain the company’s stable and healthy operating environment, strengthen technological innovation and research and development capabilities, and actively drive patent portfolio management. In response to the future development trends of the display panel industry, we will continue to expand the portfolio of high-end products and the efficiency of automated production ; to increase the company's market share and profitability in niche products.

B. Accelerate our competitive advantages in optical components and display technology, and seek new business opportunities in the optical applications, medical industry, automotive, semiconductor components and integrated solutions. By crossing over into diversified application scenarios, the Company shall explore additional growth opportunities and enhance its overall enterprise value.

II. Analysis of the market, the production and marketing situation

(I) Market analysis

1. Geographic areas where the main products (services) of the company are provided (supplied)

Unit: NT$ (thousands)

Fiscal year / Area		2023	
		Amount	Percentage (%)
Domestic sales		3,970,873	22.35%
Foreign sales	Asia	13,787,295	77.59%
	Others	11,814	0.06%
Total		17,769,982	100.00%

2. Market share

The major products of the Company are LCD displays, LCD backlight modules and panel modules. In 2023, the global LCD display monitor shipments were about 125 million units in total; the total shipments of notebooks were about 170 million units; and the total shipments of automotive display panels were 200 million units. In 2023, the Company's shipments of monitor panel modules were approximately 7.3 million, with a market share of approximately 5.8%; the shipments of notebook backlight and panel modules were approximately 13.4 million, with a market share of approximately 7.9%; and automotive backlight module shipments were about 3.2 million, with a market share of approximately 1.6%.

3. The future demand and supply conditions for the market and the growth potential

According to TrendForce, as inventory pressure eases, the global NB market is expected to return to a healthy supply-demand cycle in 2024. The main growth momentum will come from the gradual release of the replacement demand in the terminal commercial market, some market segments such as Chromebook and e-sports NB continues to expand. It also updated its forecast that the global shipments of NB in 2024 will reach an annual growth of 3.2%. As the global notebook market is expected to grow again in 2024, the generational change of Microsoft is expected to promote the system security upgrade of enterprise users, which is expected to drive the demand for notebook replacement, and will be beneficial to the shipment and operating performance of NB supply chain.

Since the base period for monitor shipments in 2023 is low, the economy is likely to recover slowly in 2024, and the normal PC replacement cycle is 4 to 5 years. Thus, some of the PCs purchased during the pandemic are likely to be replaced between the second half of 2024 and 2025. This will further drive the global monitor shipments to increase by 2% year-on-year to about 128 million units in 2024.

In 2023, due to the reduced demand in the global automotive market, the demand for automotive panels slightly declined from the original expectation, and the annual growth is expected to be 3.6%. Looking forward to 2024, under the expectation that the global demand for automobiles will still maintain a slight growth, the shipment volume of automotive panels is expected to grow by 3.0% year-on-year. From 2025 to 2026, with the introduction of new models, in addition to the central control screen and instrument panel, which are already highly installed, there will be opportunities to install more automotive panels, including rear-view mirrors and passenger seat display screens. This will drive the annual growth rate of automotive panel shipments to maintain about 8% to 9%.

4. Competitive niche

A. Advantages of consolidated resources from the Group:
With a global strategy, the Company produces professional backlight module products including LCD TVs, personal monitors, notebook and automotive monitors. The upstream light guide plate, mold design and key component production technology are integrated. By incorporating Group, a panel module assembly process is established, the Company becomes company designs, develops and manufactures key components and backlight modules.

B. Advantages from chemical precision processing:
The Company continues to improve the R&D and design capabilities of chemical precision processing technology, while constantly striving for improvement and breakthroughs in production technology, developing new technologies and new material applications, to become professional manufacturer of precision screen printing for mass production

C. Advantages of optical machine integration and one-stop production model:
The Company has relevant component module product technologies (including light guide plates, LED lens, and iron-plastic parts), to provide clients with one-stop complete design services, which are a vertical integrated design and manufacturing services from key component design, mold manufacturing and development, backlight modules, LCD modules to the whole sets, not only the product development timeline is shortened, but also the production efficiency is improved.

D. Well-rounded operational strategy organization & patent layout:
The Company's management is divided as R&D, sales, supply chain, manufacturing, quality control and other teams. In addition to maintaining good product quality and improving production efficiency by strengthening the Company's core technologies through R&D capabilities, the Company has been evolving better via the complete patent layout and talent incubation and cost management system, to strengthen the competitiveness in the market, while

maintaining the Company's dominant position in the key components of high precision and high technology.

5. Positive and negative factors for future development, and the company's response to such factors

Positive factors:

A. Growth of automotive smart cabin display applications

The display device for automotive smart cockpit will be the application market with the fastest growth, with shipments of 200 million units in 2023, and the related production value will reach US$10 billion in 2026. The compound annual growth rate (CAGR) was 8.1% for 2022 to 2026. As the global auto market gradually recovers, automakers pay more and more attention to the in-vehicle display function, and the demand for automotive panels has been increasing year by year in recent years. Besides the increment, the requirements for the upgrade of automotive panel specifications are increasing. Adding to the continuous enlargement of the observable size, the improvement of brightness, resolution and contrast ratio is also becoming more and more obvious. The automotive display panel is gradually developing from a-Si LCD to LTPS LCD. AMOLED panels are also more and more active in the automotive market. Mini LED BLU and LCD have also begun to enter the automotive market, and will compete with AMOLED panels in the automotive market for a few years with new projects.

B. Development of artificial intelligence (AI) applications and IoT

In the future, artificial intelligence (AI) applications will bring more and more automation scenarios. The interaction between human beings and automated machines will require panel display as the interface. In the future, display applications will become more diverse and ubiquitous. Developments of new business models and applications will be accelerated to bring more diversified and extensive display applications. Meanwhile, various applications have advanced to large sizes, and the areas required by panels will continue to grow. Smart retailing, smart entertainment, smart on-board equipment, smart medical and other application fields all require value-added application products, including ultra-high resolution, curved surface, wide gamut, ultra-high dynamic contrast technology integrated touch, and floating, to exploit the integrated advantages to enhance added value, create differentiated and high-value products with technological diversity and embrace the business opportunities in the era of Artificial Intelligence (AI) and Internet of Things.

Negative factors and response:

A. The general trend of over-supply of panel production capacity has not changed

In recent years, competitors in China have concentrated on high-generation production lines and continued to expand production capacities, which in turn has impacted the balance of supply and demand of panels. However, production capacity is no longer the only competitive advantage. Manufacturers must, through high-quality technology capabilities and integration capabilities, develop advanced display technologies and application systems, including emerging technologies as smart sensing, O2O and information security, while developing differentiated materials and green technology for manufacturing, for further enhancing product value.

●Responses:

Actively vertically integrate upward and improve ODM technical capabilities, hoping to reduce the impact of price cuts through the benefits of industrial chain integration and technological improvement. In addition, clients are provided with one-stop complete design services, from key component design, mold manufacturing and development, backlight module, LCD and other key component design to the whole set design as a vertically integrated manufacturing services, as well as customized products at any time, to shorten product development schedule for creating added value and optimizing product cost structure.

B. Next-generation display technology

Compared with LCD, AMOLED is mainly different in that it is self-luminous and does not require a backlight. Each pixel can be switched between light and dark independently. The color purity of the luminescent material used is also higher than that of the LED backlight of LCD. This makes the overall display characteristics better in terms of color gamut, contrast, and lightness and thinness. In addition to basic glass, the substrate can also be made of plastic, so the display can be made flexible, and a panel of many forms, such as foldable, retractable, and stretchable, can be produced, which also enables the end products to have a wider design thinking. Micro LED uses micron-size light-emitting diodes (LEDs) as pixels. Compared with previous generations of technologies, it has the advantages of higher brightness, high contrast, low power consumption, and long life. Micro LED does not require backlight modules or liquid crystal layers, so it can produce thinner, more flexible, and more transparent displays. Micro LED can also support high PPI, wide color gamut, and high dynamic range (HDR) functions to improve display quality and visual experience.

●Responses:

Incubate a new business with the economic scale of backlight module assembly, and actively develop the applications of new technologies and new materials. Improve the R&D and design capabilities of optical components technology. With the new needs of the optical applications, medical industry, automotive and integrated solutions as the next stage of the Company's development and growth, we will play the role of a key component supplier and bring new development to the Company.

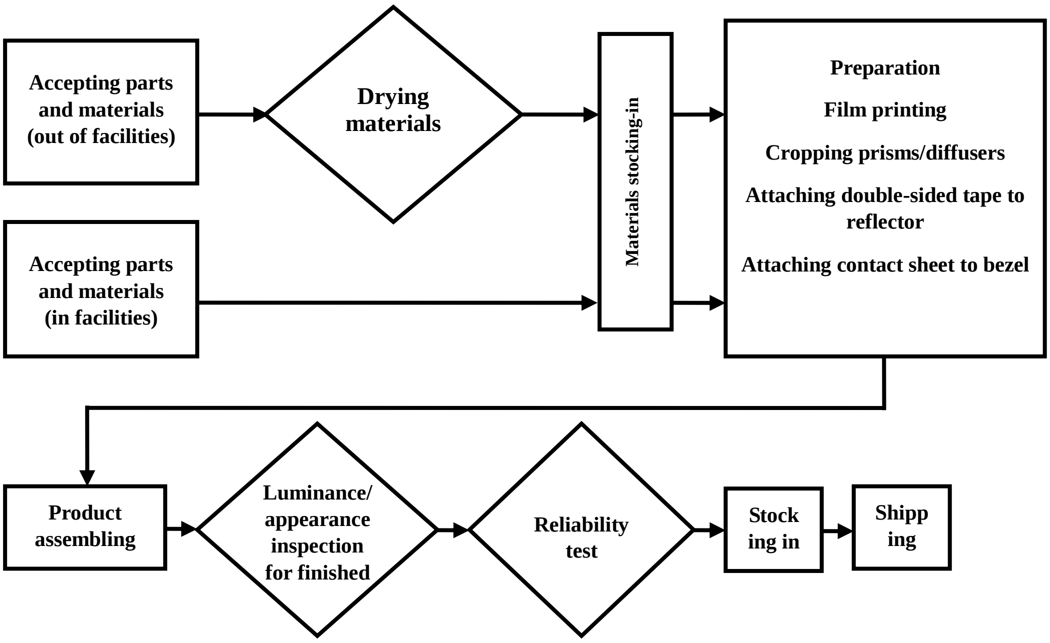
(II) Usage and manufacturing processes for the company's main products.

1. Usage of products:

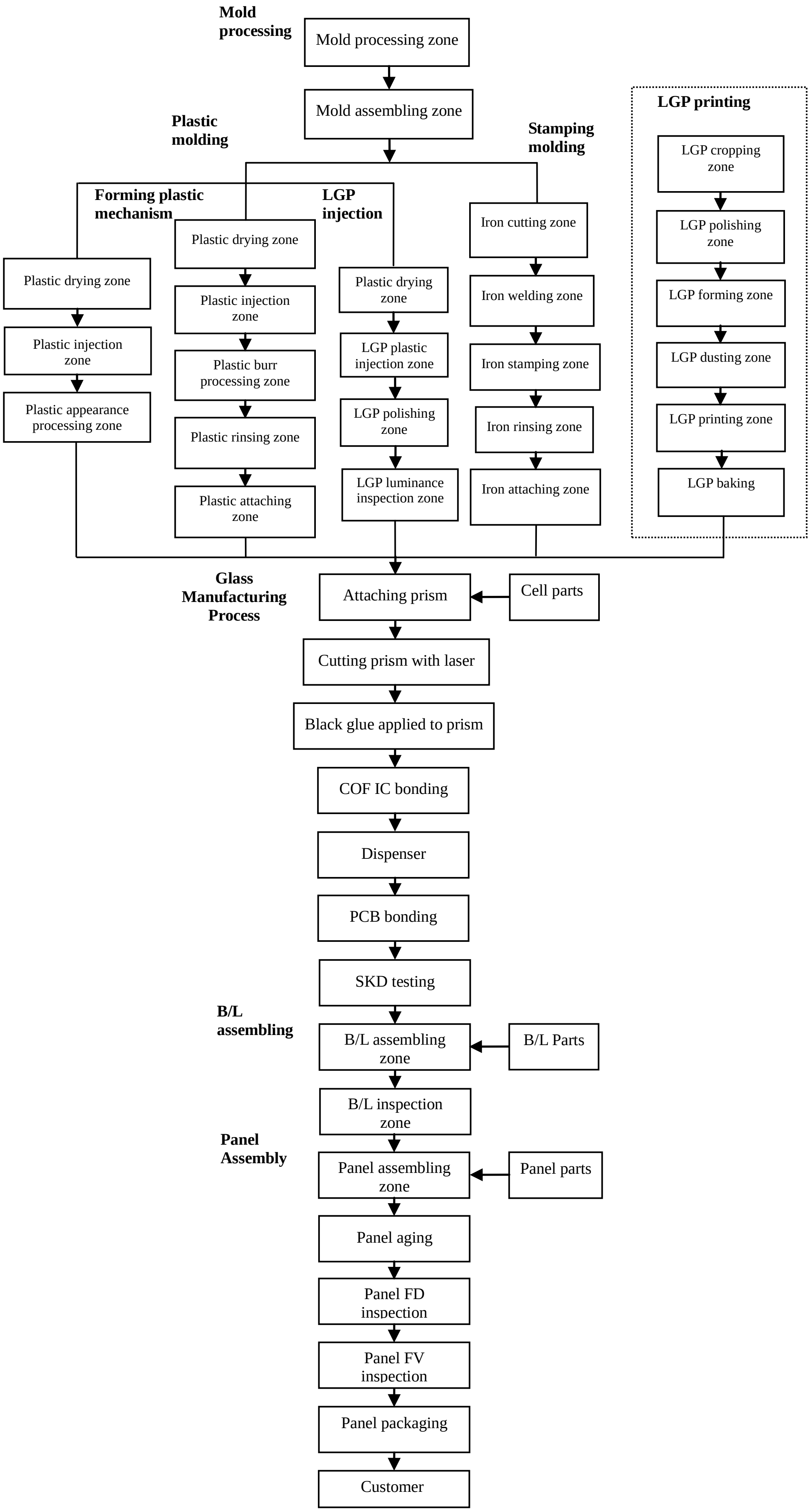
Product or Service	Key usage or functions
Backlight modules	It is a component providing a back light source to a product. It may be applied to various information, communication, and consumer products, such as LCDs, scanners, and so on.
OEM assembly of LCDs and end products	Provided for notebooks, LCDs, LCD TVs, electric toys, mobile phones, digital cameras, car displays, wearable displays, medical displays, smart bus stop systems, vehicle headlights, industrial instrument panels, among other things. The whole sets of TV/monitor are mainly used for multimedia and audio-video entertainment playback, PID public information display and playback.
Fine metal masks	Providing fine metal masks required during the AMOLED evaporating manufacturing process production.

2. Process of product manufacturing processes:

(1) Backlight modules

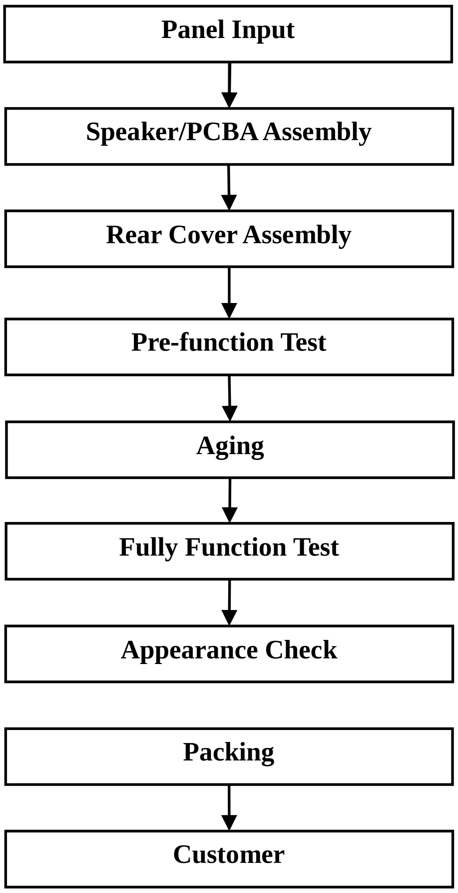


(2) LCD panels

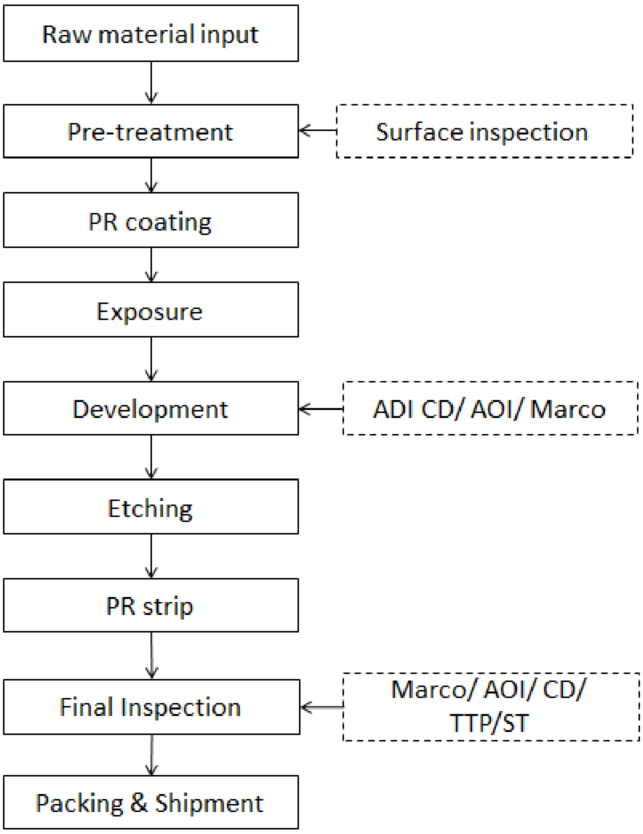


Mold processing
Mold processing zone
Mold assembling zone
Plastic molding
Stamping molding
LGP printing
Forming plastic mechanism
LGP injection
Plastic drying zone
Plastic injection zone
Plastic appearance processing zone
Plastic drying zone
Plastic injection zone
Plastic burr processing zone
Plastic rinsing zone
Plastic attaching zone
Plastic drying zone
LGP plastic injection zone
LGP polishing zone
LGP luminance inspection zone
Iron cutting zone
Iron welding zone
Iron stamping zone
Iron rinsing zone
Iron attaching zone
LGP cropping zone
LGP polishing zone
LGP forming zone
LGP dusting zone
LGP printing zone
LGP baking
Glass Manufacturing Process
Attaching prism
Cell parts
Cutting prism with laser
Black glue applied to prism
COF IC bonding
Dispenser
PCB bonding
SKD testing
B/L assembling
B/L assembling zone
B/L Parts
B/L inspection zone
Panel Assembly
Panel assembling zone
Panel parts
Panel aging
Panel FD inspection
Panel FV inspection
Panel packaging
Customer

(3) Television/whole display



(4) Fine metal masks



(III) Supply situation for the company's major raw materials.

The raw materials of the Company’s main products are optical films, LED light bars, drivers/power supplies, acrylic sheets, galvanized steel plates, plastic particles, PCBA, iron parts, plastic parts, etc. The Company has always maintained good relationships with domestic and overseas raw materials suppliers to enhance the stability of supply; the key raw materials and components are purchased from more than two suppliers, to secure the procurement flexibility while reducing the risk of excessive concentration of raw materials.

(IV) Suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Major supplier in the recent two years

Unit: NT$ (thousands)

Item	2022				2023			
	Name	Amount	Percentage in the net purchase of whole year (%)	Relation with the issuer	Name	Amount	Percentage in the net purchase of whole year (%)	Relation with the issuer
1	A Company	3,832,095	37.10	-	A Company	5,211,457	38.51	-
2	Others	6,497,422	62.90	-	Others	8,322,304	61.49	-
	Net purchase	10,329,517	100.00	-	Net purchase	13,533,761	100.00	-

Note 1: A list of any suppliers accounting for 10% or more of the company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

Explanation of increase/decrease:

(1) Increased purchase from Supplier: as the order demands from clients increased, resulting in increased purchases.

2. Major clients in the recent two years

Unit: NT$ (thousands)

Item	2022				2023			
	Name	Amount	Percentage in the net sales of whole year (%)	Relation with the issuer	Name	Amount	Percentage in the net sales of whole year (%)	Relation with the issuer
1	A Company	7,249,466	50.11	-	A Company	8,910,516	50.14	-
2	AUO Corporation	2,662,674	18.41	The Company's parent company	AUO Corporation	2,780,342	15.65	The Company's parent company
3	Others	4,553,450	31.48	-	Others	6,079,124	34.21	-
	Net sales	14,465,590	100.00	-	Net sales	17,769,982	100.00	-

Note 1: A list of clients accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each. Where the company is prohibited by contract from revealing the name of a client or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

Explanation of increase/decrease:

(1) Increased sales to client: mainly due to the growth in the terminal market, resulting in increased sales.

(V) Production Volume and Value in the Recent Two Years

Unit: thousand pieces/ton; NT$ (thousands)

Year / Production Volume and Value / Key Products (or by Department)	2022			2023		
	Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
LCD monitor & Modules	28,890	14,437	10,218,029	42,960	17,306	12,311,933
Optronic Products & Precision component	236,045	36,759	3,170,614	212,136	33,855	4,004,096
Total	264,935	51,196	13,388,643	255,096	51,161	16,316,029

(VI) Sales Volume and Value in the Recent Two Years

Unit: thousand pieces/ton; NT$ (thousands)

Year / Sales Volume and Value / Key Products (or by Department)	2022				2023			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
LCD monitor & Modules	9,189	3,427,796	5,603	7,466,428	9,513	3,693,668	7,357	9,565,234
Optronic Products & Precision component	2,721	268,058	33,894	3,303,308	2,501	277,205	31,505	4,233,876
Total	11,910	3,695,854	39,497	10,769,736	12,015	3,970,872	38,862	13,799,110

Note: Sales volume include commodity transactions.

III. Information of Employees

The number of employee, average years of service, average age and distribution of academic backgroud for the last two years and as of the end of the last quarter of the current year are as follows:

Unit: person

Fiscal year		2022	2023	As of March 31, 2024
Number of employee	Production and manufacturing personnel	4,597	5,872	5,434
	Engineering technology personnel	419	137	147
	Sales and marketing personnel	71	70	68
	Management and administrative personnel	357	222	221
	Total	5,444	6,301	5,870
Average age (year-old)		28.07	27.31	28.81
Average years of service (year)		2.83	2.70	2.88
Distribution of academic background (%)	PhD	0.04%	0.05%	0.05%
	Master	2.77%	3.49%	3.87%
	College	15.39%	16.35%	18.45%
	Senior high school	50.55%	29.87%	34.53%
	Under senior high school	31.25%	50.24%	43.10%
	Total	100.00%	100.00%	100.00%

IV. Disbursements for Environmental Protection

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, description of violation 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:

(I) Loss suffered due to environmental pollution incidents:

Company name	Incident description	Amount of penalty/ indemnity	Response and measure taken
Darwin Precisions (Xiamen) Corp.	◆Date of Punishment: September 21, 2023 ◆Disposition reference numbers: Minxia Environmental Penalty (2023) No.2016 ◆Articles of law violated: Paragragh 2 of Article 81, subparagraph 6 of paragraph 1 and paragraph 2 of Article 112 of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes ◆Description of violation: Failure to store hazardous waste in accordance with national environmental protection standards ◆Content of the dispositions: Suffered the fine of RMB 150 thousands	RMB 150 thousands	To remove hazardous waste in accordance with the hazardous waste process and it has been incorporated into the internal operational processes.

(II) An estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: the Company and subsidiaries emphasize environmental protective tasks. In addition to the Company’s internal pollution prevention and control, it also strengthens the vendors’ construction specifications and environment and safety campaigns. In the future, for the operations related to the environment protection and occupational safety, well-rounded SOPs will be established, and the implementation and management will be conducted concretely, while strengthening the relevant educations to prevent environmental safety accidents and avoid possible expenditures.

V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefits:

Introduction of wage system:

(1) Wage system: Competitive wage level; wages are adjusted based on the the Company's overall operating performance and the annual personal performance appraisals. The wage system satisfies the requirement of CSR, without discrimination and personal bias and the criteria are just and open.

(2) Incentive system: To encourage employees to perform their best, motivation bonuses, performance bonuses, and employee compensations are given in due course based on individual production and Company's operating performance.

(3) Bonus system: pursuant to the Company's articles of incorporation, when there is a profit for the year, the employee's remuneration will be appropriated for no less than 1%. However, the Company's profit is closely related to the employees' performance. The concerted efforts of all employees are required to outperform, in order to seek a better bonus.

(4) Insurance system: Apart from the statutory national health insurance and labor insurance, the Company provides additional benefits, such as group insurance and casualty insurance for employees, so that employees have a better life and safety protection. Employees are entitled to labor insurance, National Health Insurance, and group insurance on the first day of work. On the other hand, the employees are entitled to add their family members to their national health insurance and group insurance.

(5) Leave and attendance: other than job requirements, the Company also appreciates employees' needs in their personal and family lives. Therefore, other than providing a well-rounded leave system, the annual leave scheduling system is also in place, to encourage employees to apply their leaves well to arrange for time with their families.

Employee benefits:

(1) With the aim of taking care of workers' lives, promoting physical and mental health and maintaining harmony between labor and employer, the Employee Welfare Committee was established, through a well-rounded benefit system and various employee activities, the employee benefits are promoted.

(2) Subsidies for marriage, birth, funeral, hospitalization, birthday gifts and holiday bonuses.

(3) Employee outings, clubs, family days various ball games among other employee events.

(4) Establish a wellness center, breastfeeding room and the clinical visits by physicians to the plants for health consultancy, and hold annual employee physical examination and health promotion activities irregularly.

(5) Comfortable cafeteria and a variety of meal options.

(6) Parking lots for cars and scooters.

(7) Gym, aerobics classroom and library in the plants.

2. Continuing training:

Darwin College is the Company's professional organization dedicated to talent cultivation and development policy formulation, education and training system planning and implementation. The President serves as the chief of the College, leading the leadership school, the marketing school, the innovation and R&D school, the manufacturing school, with the Education and Training Executive Committee (hereafter "ETEC"). The chief of each school are assigned to officers of associate vice presidents or above. They are in charge of introducing external new knowledge and professional training; the head of human resources serves as the director-general of the EEC, and convene committee meetings to review the talent cultivation policies, planning and implementation performance. The EEC established seven major training system based on the Company's development strategies, and develops learning maps for each branch.

(1) Orientation and care system for new employees: assist new recruits to get to know the Company, understand main systems and regulations and accelerate their adaption to the working place.

(2) Professional trainings by department: each branch organizes courses for various professional knowledge or skills related to work.

(3) Quality training: training courses to improve the Company's various process management and product and service quality.

(4) Management training: to enhance the managers' abilities to lead "people" or manage "affairs."

(5) Environment, Safety and Health (ESH) training: the course as compliance with and implementation of the government's laws and regulations regarding health and safety.

(6) Instructor training: cultivate the qualified internal lecturers, strengthen their knowledge management and experience passing-on capabilities.

(7) General education and self-development training: to improve the ability of general staff to manage "people" or "affairs;" or self-learning programs (including degree upgrade and reading programs) initiated by employees.

3. Retirement system and implementation:

(1) The facilities in Taiwan has the Pension Supervision and Management Committee established pursuant to the laws, to be responsible for pension management and implementation of retirement procedures, contributing monthly to the old-system pension reserve accounts in Bank of Taiwan, to protect employees' interests.

(2) Besides, the new recruited or employees who elect to apply for the Labor Pension Acts, 6% of their wages will be contributed to personal a pension account monthly based on their pension ranges. In addition to the Company's fixed contribution, employees may also choose to contribute additionally within 6% to their pension account to enjoy tax-free concessions. Once an employee is qualified for retirement, he/she may apply retirement, and the pension in the dedicated account is to be withdrawn once the required age is attained.

(3) The Company has applied the Labor Standards Act and Labor Pension Act as follows:

(A) Voluntary retirement

An employee may apply for voluntary retirement under any of the following conditions:

(a) Where the worker attains the age of fifty-five and has worked for fifteen years.

(b) Where the worker has worked for more than twenty-five years.

(c) Where the worker attains the age of sixty and has worked for ten years.

(B) Mandatory retirement

The Company shall not force an employee to retire unless any of the following situations has occurred:

(a) Where the worker attains the age of sixty-five.

(b) Where the worker is unable to perform his/ her duties due to a disability.

The Company may request the central competent authority to adjust the age prescribed in Sub-paragraph 1 of the preceding paragraph if the specific job entails risks, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below fifty-five.

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

(a) For reaching seniority before and after the Labor Standard Act applies, the criteria for payment of pensions are pursuant to Article 55 or Article 84-2 of the Labor Standards Act.

(b) For reaching seniority before the Labor Standard Act applies, unless otherwise agreed upon between the employer and employee, the Labor Standards Act shall be complied with.

(c) Those who elect to apply the pension requirements in the "Labor Standards Act" pursuant to the Labor Pension Act, or reserve seniority before the application of the Labor Pension Act, their pensions are paid as described in the precedent two paragraphs.

(d) By applying pension requirements in the Labor Standards Act and as set forth in sub-paragraph 2 of Paragraph 1 of Article 54, an additional 20% on top of the amount calculated according to the preceding sub-paragraph shall be given to employee forced to retire due to disability incurred from the execution of their duties.

(e) For the employees applicable to the requirements of the Labor Pension Act, the Company contributes 6% of their wages monthly to their pension accounts.

(D) Pension payment

The pensions that the employees entitled to pursuant to the pension requirements in the Labor Standards Act, shall be paid within 30 days from the date the employees retire.

(4) The local staff in the overseas facilities are entitled to the pension contributions pursuant to the local laws and regulations, to protect their related interests.

4. Existing key labor-employer agreements and implementation:

In the future, the Company will continue to strengthen communication between labor and employer, in order to promote the Company's prosperity while protecting the employees' interests, seeking to prevent labor disputes on a peaceful and rational foundation. In addition, in order to maintain a barrier-free communication environment, the Company regularly convene labor-employer meetings, business briefings and seminars of managers at various level, to communicate key information and policies to employees. The 7/24 communication platforms such as "Audit Mailbox," "President's Mailbox," "Sexual Harassment Complaint Mailbox," and "Employee Opinion Box" are established for collecting, understanding, and solving employees' problems, so that the goals of joint engagement between labor and employer and adequate communication are achieved.

5. Protections of each interest of employees:

The Company has established comprehensive management procedures, clearly stipulating the rights and obligations of employees and benefits, to protect the employees' interests.

(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.

1. Losses suffered due to labor disputes: there was no violation of laws and regulations and no fines paid in 2023 and up to annual report publication date.
2. An estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: The Company continuouly exercise more attention to the implementation of compliance with Taiwan's Labor Standard Act and the relevant local laws and regulations of the jurisdiction where the subsidiaries operate, while establishing a management mechanism to prevent negligence, enhancing communications between labor and employer and interviews with resigning employees. Moreover, the Company's employees may reflect their problems through various channels within the Company, to achieve two-way communication. With the joint participation of labor and employer and an adequate communication mechanism, it is expected that in the future, labor disputes are expected to be reduced effectively and avoid possible expenditures.

VI: Information Security Management

(I) The information security risk management framework, information security policies, concrete management programs, and investments in resources for information security management

Information Security Risk Management Framework:
The company has founded the "Information Security Committee" in 2017 to be responsible for information security management. The Chairman and CSO of the company is appointed as the chairperson of the "Information Security Committee." The high-level supervisors of each unit serve as the committee members. The unit heads of the Information Technology serves as the executive officers. The Audit Unit is also take part in order to provide opinions on the procedures and regulations. The Information Security System Department holds an internal information security meeting quarterly to promote internal information security policies, plan and implement information security operations; also, report the company's information security governance overview to the "Information Security Committee" and the "Board of Directors" at least once a year.

Information Security Policy:
The company's information security policy is to protect the company's intellectual property, raise the overall awareness of information security and enhanced corporate governance:

(1) System Regulations: Formulate the company's information security management system, regulate personnel operations, to establish a dedicated unit for information security and set up an information security supervisor and information security personnel.
The company has established a number of information security regulations and systems to regulate the personnel's information security operation. The company also regularly annually reviews whether the relevant systems accommodate the operating environment changes with the necessary adjustments made accordingly.

(2) Technology Application: Establish information security management equipment and implement information security management measures.
For preventing external information security threats and adopting a segregated network structure design, the company has built various information security protection systems to enhance the overall information environment security. The company has the operating procedures and information security system tools designed to help the internal personnel operate in conformity with the company's system specifications to substantiate the personnel information security management measures.

(3) Personnel Training: Implement information security education and training to enhance all personnel's information security awareness.
The Company regularly announces "Information Security Management Regulations" and "Everyone is responsible for using legal software", and implements information security education and training courses for employees to enhance their awareness of information security.

Information Security Management Plan and Investments in Resources:
The information center is set up under the management support division of the Company with an information security supervisor and several information security staff to regularly review the implementation of the internal information security regulations and prevention of information security risks, and to hold regular information security meetings to track and discuss the implementation status and effectiveness of information security policies, and reports the information security governance overview in the "Information Security Committee." The company also complies with NIST information security frameworks, assesses information security threats and impacts, formulates security measures to enhance the overall information security environment..
The information security assessment is as follows:

- Information structure review: Check the appropriateness of relevant measures adopted for continuous operations, check whether the structure and maintenance mechanisms have the risk of a single point of failure, and conduct risk analysis of business on-going concern, and provide the information structure security assessment results with recommendations proposed.
- Network activity check: Check the access records of the network equipment system, and servers; check whether the account authorization comply with the internal control operational standard; check the abnormal records of identification and confirm alert mechanism.
- Vulnerability scanning : Regularly performing vulnerability scanning of external websites, network equipment, and servers and improving and repairing of the scan results to reduce the overall information security risk.
- Security setting check: Check the server (such as: Domain Services Active Directory) about the changes of “Admin authorization” and “Group Policy Distribution,” and check whether the relevant changes are abnormal.
- Information security drills: Develop contingency plans in response to the information security threats, and perform regular drills to verify the feasibility and effectiveness of the relevant plan.. Ensure that the unit personnel can respond to the information security incidents in accordance with the contents of the contingency plans. To achieve all units of the Company implement the effects of information security protection.
- E-mail social engineering drills - for company personnel, send exercise e-mails, test, promote, and strengthen information communication safety education within the scope of internal security monitoring. The goal of a drill is to help the personnel understand the risks of using e-mail, improve their awareness of preventing social engineering attacks, and continue to rehearse in order to reduce the risks caused by social engineering attacks to achieve the purpose of protecting customer data and important operating information and services.
- Collection of Information Security Intelligence - Joined the Taiwan CERT/CSIRT Alliance in 2022 to improve the Company’s ability to collect, exchange, and analyze intelligence on information security, understand different types of information security threats and information on vulnerabilities, perform effective preventive measures for possible threats, and strengthen the Company’s overall information security protection capabilities.

Implementation in 2023:

- Four information security work meetings and information security committee meeting were held during the year to report on the implementation of inormation security policies, and there were no incidents that threatened information security during the year.
- System recovery exercises, social engineering exercises and information security incident exercises were regularly conducted during the year to enhance employees' reaction and awareness of information security.
- We introduced and successfully obtained ISO / IEC 27001:2022 Information Security Management System Certification (valid period: December 9, 2023 to December 9, 2026)

Information Security Outlook:
While facing the rapidly changing cybersecurity threats, the existing information security environment is affected by various emerging technologies' innovative applications. The “Information Security Committee” of the company will continue to coordinate various information security measures. The company will strive to comply with the governing law and regulations and improve all units' information security management capabilities. Regularly review the information security document specifications to improve the information security policy and objective, to budget for enhacing information technology security appropriately and ensure the company’s operating system's high availability and protect the company’s business secrets.

(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 information 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: There was no significant loss of information security incident in 2023 and up to the publication date of the annual report.

VII: Important contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year:

(I) Long-term borrowing contracts

Nature of contract	Counterpart	Commencement dates and expiration dates	Major content	Restrictive terms
Financing	Land Bank of Taiwan	April 10, 2017 to April 10, 2032	Purchasing lands, buildings, and attached equipment	Pledged with lands and buildings
Financing	Hua Nan Commercial Bank	July 7, 2023 to July 7, 2025	Credit and secured credit contract	Mortgage with real estate
Financing	Xiamen Xiangan Branch, Agricultural Bank of China Limited	October 30, 2023 to October 29, 2026	Highest limit of financing agreement for institution and the highest limit mortgage contract	Mortgage with real estate

(II) Other contracts

Nature of contract	Counterpart	Commencement dates and expiration dates	Major content	Restrictive terms
Investment contract	Non-related party	March 4, 2024	Invested RMB 85million and held 9.09% of shareholding in investee company	Confidentiality
Equipment sales contract	Non-related party	January 9, 2024	Used equipment for sale and the Compnay’s liability for defects is exempted	Exemption from liability for defects Confidentiality

Chapter VI. Financial Information

I. Condensed balance sheets and statements of comprehensive income for the past five fiscal years

(I) International Financial Report Standards

Condensed Consolidated Balance Sheet

Unit: NT$ (thousands)

Item \ Fiscal year		Financial Data in the Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		11,121,302	11,191,604	11,488,038	10,061,021	11,688,158
Property, plant and equipment		7,838,025	7,627,963	6,848,937	5,572,871	5,028,776
Intangible assets		0	0	0	0	0
Other assets		936,920	922,013	1,518,545	2,548,998	1,508,461
Total assets		19,896,247	19,741,580	19,855,520	18,182,890	18,225,395
Current liabilities	Before distribution	4,682,162	5,145,915	5,999,489	4,078,460	5,966,839
	After distribution	4,682,162	5,145,915	5,999,489	4,180,430	Note 2
Non-current liabilities		4,163,133	4,667,420	4,642,773	4,776,636	3,036,785
Total liabilities	Before distribution	8,845,295	9,813,335	10,642,262	8,855,096	9,003,624
	After distribution	8,845,295	9,813,335	10,642,262	8,957,066	Note 2
Equity attributable to shareholders of the parent		11,050,952	9,928,245	9,213,258	9,327,794	9,221,771
Common stock		6,655,551	6,655,551	6,655,551	6,655,551	6,655,551
Capital surplus		4,308,845	4,308,845	3,486,669	2,837,438	2,837,442
Retained earnings	Before distribution	1,209,293	(26,906)	146,039	920,934	944,953
	After distribution	1,209,293	(26,906)	146,039	818,964	Note 2
Other components equities		(1,122,737)	(1,009,245)	(1,075,001)	(1,086,129)	(1,216,175)
Treasury shares		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	11,050,952	9,928,245	9,213,258	9,327,794	9,221,771
	After distribution	11,050,952	9,928,245	9,213,258	9,225,824	Note 2

Note 1: The financial information in the recent five years have been certified by the CPAs. As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

Note 2: Earnings distribution is subject to the resolution of the Board of Directors or 2024 annual general meeting.

Condensed Consolidated Comprehensive Income Statement

Unit: NT$ (thousands)

Fiscal year / Item	Financial Data in the Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	15,851,885	14,290,244	20,284,221	14,465,590	17,769,982
Gross profit (loss)	780,236	(343,915)	(3,711)	(27,720)	852,210
Operating profit (loss)	(417,427)	(1,578,661)	(1,276,870)	(1,149,354)	(277,421)
Non-operating income and expense	170,164	170,725	795,089	1,538,462	255,286
Profit (loss) before tax	(247,263)	(1,407,936)	(481,781)	389,108	(22,135)
Profit (loss) from continuing operations of the period	(190,141)	(1,240,799)	(649,231)	125,664	114,659
Loss from discontinued operations	0	0	0	0	-
Net profit (loss) of the period	(190,141)	(1,240,799)	(649,231)	125,664	114,659
Other comprehensive income recognized for the period (net amount after tax)	(327,467)	118,092	(65,756)	(11,128)	(118,716)
Total comprehensive income for the period	(517,608)	(1,122,707)	(714,987)	114,536	(4,057)
Net profit (loss) attributable to the owner of parent	(190,141)	(1,240,799)	(649,231)	125,664	114,659
Net profit (loss) attributable to uncontrolled equity	0	0	0	0	-
Net profit from total consolidated income attributable to the owner of parent	(517,608)	(1,122,707)	(714,987)	114,536	(4,057)
Total consolidated income attributable to uncontrolled equity	0	0	0	0	-
Earnings (loss) per Share (NTD) (Note 2)	(0.29)	(1.86)	(0.98)	0.19	0.17

Note 1: The financial information in the recent five years have been certified by the CPAs. As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

Note 2: Calculation is based on the weighted average outstanding shares of the year.

Condensed Parent-Only Balance Sheet

Unit: NT$ (thousands)

Item \ Fiscal year		Financial Data in the Recent Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		5,696,097	5,281,539	6,110,562	7,384,344	7,641,113
Property, plant and equipment		4,908,218	4,630,136	4,289,917	2,529,427	2,348,612
Intangible assets		0	0	0	0	0
Other assets		10,946,941	10,214,936	9,862,936	8,580,699	7,466,063
Total assets		21,551,256	20,126,611	20,263,415	18,494,470	17,455,788
Current liabilities	Before distribution	6,367,782	5,595,527	6,526,003	4,909,195	5,302,684
	After distribution	6,367,782	5,595,527	6,526,003	5,011,165	Note 2
Non-current liabilities		4,132,522	4,602,839	4,524,154	4,257,481	2,931,333
Total liabilities	Before distribution	10,500,304	10,198,366	11,050,157	9,166,676	8,234,017
	After distribution	10,500,304	10,198,366	11,050,157	9,268,646	Note 2
Equity attributable to shareholders of the parent		11,050,952	9,928,245	9,213,258	9,327,794	9,221,771
Common stock		6,655,551	6,655,551	6,655,551	6,655,551	6,655,551
Capital surplus		4,308,845	4,308,845	3,486,669	2,837,438	2,837,442
Retained earnings	Before distribution	1,209,293	(26,906)	146,039	920,934	944,953
	After distribution	1,209,293	(26,906)	146,039	818,964	Note 2
Other components equities		(1,122,737)	(1,009,245)	(1,075,001)	(1,086,129)	(1,216,175)
Treasury shares		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	11,050,952	9,928,245	9,213,258	9,327,794	9,221,771
	After distribution	11,050,952	9,928,245	9,213,258	9,225,824	Note 2

Note 1: The financial information in the recent five years have been certified by the CPAs. As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

Note 2: Earnings distribution is subject to the resolution of the Board of Directors or 2024 annual general meeting.

Condensed Parent-Only Comprehensive Income Statement

Unit: NT$ (thousands)

Fiscal year / Item	Financial Data in the Recent Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	15,372,936	10,126,794	10,740,173	6,809,294	8,027,530
Gross profit (loss)	621,327	(185,268)	(27,350)	(76,723)	(83,670)
Operating profit (loss)	(204,196)	(1,028,020)	(863,355)	(926,224)	(890,395)
Non-operating income and expense	(66,585)	(400,268)	191,234	1,225,115	1,058,099
Profit (loss) before tax (loss)	(270,781)	(1,428,288)	(672,121)	298,891	167,704
Profit (loss) from continuing operations of the period	(190,141)	(1,240,799)	(649,231)	125,664	114,659
Loss from discontinued operations	0	0	0	0	0
Net profit (loss) of the period	(190,141)	(1,240,799)	(649,231)	125,664	114,659
Other comprehensive income recognized for the period (net amount after tax)	(327,467)	118,092	(65,756)	(11,128)	(118,716)
Total comprehensive income for the period	(517,608)	(1,122,707)	(714,987)	114,536	(4,057)
Net profit (loss) attributable to the owner of parent	(190,141)	(1,240,799)	(649,231)	125,664	114,659
Net profit (loss) attributable to uncontrolled equity	0	0	0	0	0
Net profit from total consolidated income attributable to the owner of parent	(517,608)	(1,122,707)	(714,987)	114,536	(4,057)
Total consolidated income attributable to uncontrolled equity	0	0	0	0	0
Earnings (loss) per Share (NTD) (Note 2)	(0.29)	(1.86)	(0.98)	0.19	0.17

Note 1: The financial information in the recent five years have been certified by the CPAs. As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

Note 2: Calculation is based on the weighted average outstanding shares of the year.

(II) The Names of CPAs over the past five years and their audit opinions

Fiscal year	Name of Accounting Firm	Certifying CPA	Audit Opinions
2019	KPMG Taiwan	Chien-Hui Lu, Shyh-Huar Kuo	Unqualified opinions and paragraphs for other matters
2020	KPMG Taiwan	Shyh-Huar Kuo, Chien-Hui Lu	Unqualified opinions
2021	KPMG Taiwan	Shyh-Huar Kuo, Chun-Yuan Wu	Unqualified opinions
2022	KPMG Taiwan	Shyh-Huar Kuo, Chun-Yuan Wu	Unqualified opinions
2023	KPMG Taiwan	Shyh-Huar Kuo, Yen-Hui Chen	Unqualified opinions

II. Financial Analysis in the Recent Five Years

(I) IFRS- Consolidated Financial Analysis

Items for analysis (Note 5) \ Fiscal year		Financial analysis in the recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt-asset ratio	44.46	49.71	53.60	48.70	49.40
	Ratio of long-term capital to property, plant and equipment	194.11	191.34	202.31	253.09	243.77
Solvency (%)	Current ratio	237.52	217.49	191.48	246.69	195.89
	Quick ratio	208.12	186.67	162.03	222.11	173.46
	Interest coverage ratio (Note 2)	(3.51)	(35.79)	(11.97)	9.56	0.61
Operating ability	Receivables turnover rate (times)	3.91	4.44	5.80	4.78	5.49
	Average collection days for receivables	93.35	82.20	62.93	76.35	66.48
	Inventory turnover rate (times)	9.83	10.12	12.50	10.83	14.69
	Payables turnover rate (times)	4.46	4.88	5.41	4.60	5.77
	Average days for sale	37.13	36.06	29.20	33.70	24.84
	Property, plant and equipment turnover rate (times)	1.99	1.85	2.80	2.33	3.35
	Total asset turnover rate (times)	0.73	0.72	1.02	0.76	0.98
Profitability	Return on assets (%)	(0.67)	(6.11)	(3.13)	0.85	0.88
	Return on equity (%)	(1.66)	(11.83)	(6.78)	1.36	1.24
	Ratio of income before tax to paid-in capital (%)	(3.72)	(21.15)	(7.24)	5.85	(0.33)
	Profit margin (%)	(1.20)	(8.68)	(3.20)	0.87	0.65
	Earnings per Share (NTD)	(0.29)	(1.86)	(0.98)	0.19	0.17
Cash flow	Cash flow ratio (%)	21.48	(5.34)	12.05	(3.98)	5.33
	Cash flow adequacy ratio (%)	73.52	60.71	46.15	35.71	30.29
	Cash flow reinvestment ratio (%)	3.47	(1.08)	3.16	(0.70)	1.04
Leveraging	Operating leverage	Note 3	Note 3	Note 3	Note 3	Note 3
	Financial leverage	Note 3	Note 3	Note 3	Note 3	Note 3

Please explain the reasons for changes 20% in each financial ratio during the most recent two years:

1. The decrease in current ratio and quick ratio were mainly due to the increase in accounts payable resulted from the demand for purchasing materials.
2. The decrease in interest coverage ratio was mainly due to the loss before tax.
3. The rise in each of the financial turnover ratios of operating ability was mainly due to the growth of operations this year and the increase in revenue and operating costs.
4. The decrease in ratio of income before tax to paid-in capital and profit margin was mainly due to the loss before tax this year.
5. The rise in cash flow ratio and cash flow reinvestment ratio were mainly due to the significant increase in net cash inflow from operating activities this year.

Note 1: The financial information in the recent five years have been certified by the CPAs. As of the publication date of the annual report, there is no 2024 Q1 financial information audited by CPAs.

Note 2: Earnings before interest and tax of 2019, 2020 and 2021 were negative.

Note 3: The operating income is negative and thus not calculated.

Note 4: Please refer to the following Table (II) on Page 113 for the formula in this table.

(II) IFRS- Parent-Only Financial Analysis

Items for analysis		Financial analysis in the recent five years (Note 1) 2019	2020	2021	2022	2023
Financial structure (%)	Debt-asset ratio	48.72	50.67	54.53	49.56	47.17
	Ratio of long-term capital to property, plant and equipment	309.35	313.84	320.23	537.09	517.46
Solvency (%)	current ratio	89.45	94.39	93.63	150.42	144.10
	Quick Ratio	82.30	85.33	87.40	145.44	139.35
	Interest coverage ratio (Note 2)	(6.46)	(36.82)	(17.22)	8.21	5.22
Operating ability	Receivables turnover rate (times)	4.12	3.96	4.17	3.02	4.11
	Average collection days for receivables	88.59	92.17	87.52	120.86	88.80
	Inventory turnover rate (times)	23.49	22.31	24.11	21.80	34.53
	Payables turnover rate (times)	3.63	3.53	3.90	2.97	3.90
	Average days for sale	15.53	16.36	15.13	16.74	10.57
	Property, plant and equipment turnover rate (times)	3.05	2.12	2.41	2.00	3.29
	Total asset turnover rate (times)	0.63	0.49	0.53	0.35	0.45
Profitability	Return on assets (%)	(0.66)	(5.81)	(3.07)	0.82	0.81
	Return on equity (%)	(1.66)	(11.83)	(6.78)	1.36	1.24
	Ratio of income before tax to paid-in capital (%)	(4.07)	(21.46)	(10.10)	4.49	2.52
	Profit margin (%)	(1.24)	(12.25)	(6.04)	1.85	1.43
	Earnings per Share (NTD)	(0.29)	(1.86)	(0.98)	0.19	0.17
Cash flow	Cash flow ratio (%)	0.60	(9.10)	(4.45)	27.24	6.37
	Cash flow adequacy ratio (%)	41.33	27.23	39.05	62.02	103.11
	Cash flow reinvestment ratio (%)	(0.59)	(3.14)	(1.85)	8.73	1.67
Leveraging	Operating leverage	Note 3	Note 3	Note 3	Note 3	Note 3
	Financial leverage	Note 3	Note 3	Note 3	Note 3	Note 3

Please explain the reasons for changes 20% in each financial ratio during the most recent two years:
1. The decrease in interest coverage ratio was mainly due to the loss before tax.
2. The rise in each of the financial turnover ratios of operating ability was mainly due to the growth of operations this year and the increase in revenue and operating costs.
3. The decrease in ratio of income before tax to paid-in capital and profit margin was mainly due to the decrease in the net profit before tax this year.
4. The decrease in cash flow ratio and cash flow reinvestment ratio were mainly due to the decrease in net cash inflow from operating activities this year.
5. The rise in cash flow adequacy ratio was mainly due to the lower amount of capital expenditures in the last five years calculated this year.

Note 1: The financial information in the recent five years have been certified by the CPAs. As of the publication date of the annual report, there is no 2024Q1 financial information audited by the CPAs.

Note 2: Earnings before interest and tax of 2019, 2020 and 2021 were negative.

Note 3: The operating income is negative and thus not calculated.

Formula of the items for analysis are as follows:

1. Financial structure
   (1) Debt-asset ratio=Total Liabilities / Total Assets.
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Non-current Liabilities) / Net Property, Plant and Equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory – pre-prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses.
3. Operating Ability
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period.
   (2) Average collection days for receivables = 365 / receivables turnover rate.
   (3) Inventory turnover rate = cost of sales / average inventory.
   (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sales / average payables (including accounts payable and notes payable arising from business operations) for each period.
   (5) Average days for sale = 365 / inventory turnover rate.
   (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment.
   (7) Total asset turnover rate = net sales / average total assets.
4. Profitability
   (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets.
   (2) Return on equity = net income / average total equity.
   (3) Profit margin = net income / net sales.
   (4) Earnings per share = (profit and loss attributable to owners of the parent - dividends on preferred shares) / weighted average number of issued 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 for the most recent five years / (capital expenditures + inventory increase + cash dividend).
   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividends) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital).
6. Leveraging:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income / interest expenses).

III. Audit Report of the Audit Committee for the most recent year:

As of the publication of the annual report, the Audit Committee has not yet provided the audit report of the financial report for the most recent year. The related information will be disclosed in the agenda handbook of 2024 annual general meeting and uploaded to MOPS 30 days prior to the 2024 annual general meeting.

IV. Consolidated financial statements of the recent fiscal year with the independent auditor’s report: Please refer to Appendix 2 for details.

V. Parent-only financial statements of the recent fiscal year with the independent auditor’s report: Please refer to Appendix 3 for details.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Chapter VII. Review of Financial Conditions, Operating Results, and Risk Management

I. Financial position review and analysis (consolidated)

Unit: NT$ (thousand)

Item \ Fiscal year	2022 fiscal year	2023 fiscal year	Difference	
			Amount	%
Current assets	10,061,021	11,688,158	1,627,137	16.17
Investments accounted for using the equity method	257,410	49,138	(208,272)	(80.91)
Property, plant and equipment	5,572,871	5,028,776	(544,095)	(9.76)
Other assets	2,291,588	1,459,323	(832,265)	(36.32)
Total assets	18,182,890	18,225,395	42,505	0.23
Current liabilities	4,078,460	5,966,839	1,888,379	46.30
Non-current liabilities	4,776,636	3,036,785	(1,739,851)	(36.42)
Total liabilities	8,855,096	9,003,624	148,528	1.68
Common stock	6,655,551	6,655,551	0	0.00
Capital surplus	2,837,438	2,837,442	4	0.00
Retained earnings	920,934	944,953	24,019	2.61
Other components of equity	(1,086,129)	(1,216,175)	(130,046)	(11.97)
Treasury stock	0	0	0	-
Non-controlling interests	0	0	0	-
Total shareholder’s equity	9,327,794	9,221,771	(106,023)	(1.14)

The main reasons for the significant changes (more than 20%) in assets, liabilities, and shareholders’ equity in the last two years:

1. The decrease in investments accounted for using the equity method was mainly due to the disposal of investment in the associate BriView (L) Corp. which was liquidated this year.
2. The decrease in other assets was mainly due to the fact that the part of time deposits with a maturity of more than one year that matured within one year was transferred to current assets.
3. The increase in current liabilities and the decrease in non-current liabilities were mainly due to the transfer of long-term borrowings due within one year to current liabilities.

II. Financial performance review and analysis (consolidated)

Unit: NT$ (thousands)

Year / Item	2022 fiscal year	2023 fiscal year	Increase (decrease) amount	Change ratio (%)
Operating revenue	14,465,590	17,769,982	3,304,392	22.84
Operating cost	14,493,310	16,917,772	2,424,462	16.73
Gross profit (loss)	(27,720)	852,210	879,930	3174.35
Operating expenses	1,121,634	1,129,631	7,997	0.71
Operating profit (loss)	(1,149,354)	(277,421)	871,933	75.86
Non-operating income and expenses	1,538,462	255,286	(1,283,176)	(83.41)
Profit (loss) before tax	389,108	(22,135)	(411,243)	(105.69)
Income tax expense	263,444	(136,794)	(400,238)	(151.93)
Net income (loss)	125,664	114,659	(11,005)	(8.76)
The main reasons for the significant changes (more than 20%) in operating revenue, operating profit, and net profit before tax in the last two years: The growth in operating revenue this year resulted in the increase in gross profit and the decrease in operating loss. In addition, non-operating income decreased this year, resulting in the loss before tax.				

III. Cash flow review and analysis

(I) Analysis of changes in cash flow in recent years (consolidated)

Year / Item	2022 fiscal year	2023 fiscal year	Increase (decrease) ratio (%)
Cash flow ratio (%)	(3.98)	5.33	233.92
Cash flow adequacy ratio (%)	35.71	30.29	(15.18)
Cash flow reinvestment ratio (%)	(0.70)	1.04	248.57
Description of changes in the increase/decrease ratio (not applicable if the increase/decrease ratio is less than 20%): The rise in cash flow ratio and cash flow reinvestment ratio were mainly due to the significant increase in net cash inflow from operating activities this year.			

Analysis of changes in consolidated cash flow in 2023

Unit: NT$ (thousands)

Cash and cash equivalents balance at the beginning of the period	Yearly net cash flow from operating activities	Yearly net cash flow from investing activities	Yearly net cash flow from financing activities	Cash balance amount (Including effect of exchange rate)
4,058,322	317,808	2,324,281	(1,258,084)	5,332,533

(1) Operating activities: Mainly due to the growth in the operating revenue this year.
(2) Investing activities: Mainly due to the cash received in 2023 from the disposal of property and plant in 2022.
(3) Financing activities: Mainly due to repayment of long-term borrowings and payment of cash dividends.

(II) Improvement plan for insufficient liquidity: No cash shortage issue.

(III) Analysis of cash liquidity in next year (consolidated)

Unit: NT$ (thousands)

Cash balance at the beginning of the period (1)	Yearly net cash flow from operating activities (2)	Yearly net cash flow from investing and financing activities (3)	Cash Surplus (Shortage) (1)+(2)+(3)	Remedies for cash shortage	
				Investment plan	Financing plan
5,332,533	700,000	(600,000)	5,432,533	None.	None.

1. Analysis of the 2024 cash flow:

Under the precondition of maintaining stable cash liquidity, the company will prudently plan and control various cash expenditures related to investment and operations with the considerations of the cash balance, cash flow from operating activities and investing activities, and financial market conditions. And the Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

(1) Operating activities: Under the precondition of maintaining stable cash liquidity and financial structure, the Company continuously expands business and develops niche products with high value-added effect continuously that helps improve profitability continuously. Therefore, the company expects that operating activities will be with a net cash inflow after booking the depreciation and amortization expenses without cash outflow.

(2) Investing activities: Refers to the acquisition of additional production and factory equipment, and periodic replacement and addition of production equipment. And to repay other long-term loans by other financial assets (time deposits) step by step.

(3) Financing activities: The remaining funds will be used to gradually repay bank loans after the net cash inflow from operating activities and investing activities be used to finance investment expenses such as the purchase of additional equipment.

2. Remedy for expected cash shortage and liquidity analysis: Not applicable.

IV. The impact of significant capital expenditures on financial operations in the most recent year

(I) The implementation of significant capital expenditures and the source of funds: There is no single significant capital expenditure exceeding 20% of the capital or NT$1 billion in the most recent year.

(II) Expected benefits: Not applicable.

V. Investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the improvement plan, and investment plans for the coming year

The company’s investment policy meets the mid-term and long-term development strategy and operational needs to seek appropriate strategic partners. The main scope of investment is the upstream and downstream companies related to the company’s operation. The net investment profit recognized under the equity method in the Company’s 2023 consolidated financial statements was NT$818 thousands.

There was no investment in company for an amount exceeding 5% of the paid-in capital conducted in the most recent year.

VI. Risk Issues for the Most Recent Year until the Publication Date of the Annual Report

(I) The impact of changes in the interest rate, exchange rate, and inflation on the company’s profit and loss and future countermeasures

1. Impact of changes in interest rate

The company expects the scale of operations to grow continuously and the demand for working capital will go up. The company has applied to the cooperating banks for credit lines as a source of funds for future working capital needed. Therefore, the impact of changes in the company's interest rate mainly comes from the floating interest rate debt for supporting the operating and investing activities. The changes in the market interest rate will also cause the floating interest rate to change. However, the company will assess bank loan interest rates occasionally and maintain a good relationship with banks to obtain more favorable interest rates, and adjust the implementation of funds according to the changes in interest rate in a timely manner in order to reduce the impact of changes in interest rates on the company’s profit and loss.

2. The impact of changes in the exchange rate
The company's sales revenue and procurement expenditures are mainly denominated in U.S. dollars. The effort of offset assets in foreign currency against liabilities in foreign currency is to achieve a natural hedging effect of foreign currency net position. The company will also pay close attention to information related to exchange rate fluctuations and grasp exchange rate trends in real-time. The company will adjust the positions of assets and liabilities in foreign currency in accordance with global macroeconomy, exchange rate, and future capital needs; also, adopt a combination of spot and forward foreign exchange transactions to hedge foreign currency fluctuation risks in order to reduce the impact of exchange rate risks on the company's profit and loss.

3. Inflation effect
The company will focus on developing new products and reducing costs in response to the impact of raw materials price increase. The company will continue to pay attention to domestic and international inflation and adjust inventory and production capacity in a timely manner to reduce possible risks.

(II) Policies on transactions involving high risks, highly leveraged investments, funds lending to others, endorsement or guarantee and derivatives, the main reasons for the profit or loss of these transactions and future countermeasures

1. The Company and the subsidiaries are not engaged in high-risk and high-leverage investments. Funds allocation and hedging activities are carried out in accordance with the principle of conservativeness and stability.
2. The company and the subsidiaries, when engaging in the funds lending to others, endorsement or guarantee and derivatives, in addition to complying with relevant operating procedures, regularly handle announcements and reporting in accordance with the regulations of the competent authority.
   (1) Funds lending to others: As of the publication date of the annual report, the Company had made no funds lending; the subsidiaries had granted loans only to subsidiaries indirectly owned 100% by the Company. The effective amount approved by the Board of Directors was CNY100 million with CNY50 million loan amount implemented.
   (2) Endorsement or guarantee: As of the annual report's publication date, the Company and its subsidiaries had made no endorsements/guarantees.
   (3) The company engages in derivatives transactions in accordance with the positions arising from the company's operations to hedge market risks and reduce the company's operational risks. Also, it is handled in accordance with Chapter 3 regarding the control of derivatives transactions of the "Procedures for the Acquisition or Disposal of Assets."

(III) Future research & development projects and corresponding budget

1. Future research & development projects
Develop three major directions of new-generation panel module/backlight module technology, display technology and optical design applications in new fields, and precision component plastic materials, by taking advantage of the Group's dominance in the panel industry and accommodating the company's operational development plans and future R&D directions.
   (1) New-generation panel module/backlight module technology:
   Build up the technology development capability of direct thin/side-light LED B/L, mass production technology of related components (such as light-guiding plate, LGP) and new LGP pattern processing technology; pursue ultra-brightness of the display, upgrade product standby time, and integrate the internal plug-in technology of iron parts and plastic frame to have a big screen/backlight liquid-crystal display (LCD). The deployment of LCD backlight applications will be developed in line with the needs of customers; also, prepare for the technology development and mass production of the LED-TV/MNT/NB/GD/PID/CAR and deployment of key components by taking advantage of the established technology energy, such as precision mold technology, ultra-precision process, optical mechanical design, and mass production of key components.
   (2) Application of display technology and optical design in new fields:
   In addition to the application of televisions, personal computer monitors, notebook computers, public information displays, electronic paper display, and label, through the integration of display technology, optical design, and software services, expand the market for new applications, such as smart stop sign systems, electric vehicles market (car display, smart traffic display including Location-Based Service (LBS) software integration), medical display, IoT integration system, etc., through vertical integration, and meet customer's demand for customized products. Develop 3D sensing components by combining ultra-precision processing and micro-component optical design, as well as UV micro-printing. Implement programmable chips application technology into the system. In terms of image processing, utilize hardware acceleration to make the processing performance more promptly and more flexible; also, expand the market for new applications in order to enhance profitability and seize opportunities for business transformation.

(3) Precision components:

a. Yellow light, etching, electroforming, and other processes and material technologies created by FMM were used to develop various metal masks for the deposition of thin films, and microstructured metal fixtures for precision processing of thin films to apply in the optoelectronics and semiconductor industries.

b. Precision molding technologies created with monitors and backlight modules, ultra-precision processing technology and micro (or nano) imprinting, precision injection molding, and other processing technologies were used to develop precision optics as well as touch control and microstructured components to apply in the optoelectronics, semiconductor, and medical industries.

(4) Three-stage goals are planned according to the R&D schedule:

a. Short-term goal:

Focus on the cultivation of R&D talents, form R&D and process teams, and take advantage of the Group's dominance in panel business to vertically integrate and deploy the key components of the panel - backlight module- TV/display unit in order to upgrade product quality, reduce costs, improve production yield rate, strengthen cost competitiveness, expand technical integration services for customers, win over more partners, and expand IoT system integration business. Also, improve mass production technology and product yield with the precision metal mask technology that has been developed for years. Based on the excellent components development capabilities to expand customer base, increase system products, and increase its profitability.

b. Mid-term goal:

Develop more competitive key components and customized-design services by taking advantage of the core competence of precision machinery and ultra-precision metal mask technology, including cooperation with the software and hardware functional system integration service design of the electronic industry. Initiate patent deployment comprehensively, take charge with innovative technologies, increase the added value of products, and strive to maximize the company's profits.

c. Long-term goal:

"Passion·Quality·Innovation" is the business philosophy of the company. The R&D team has become a value-creating integrator or a valuable team integrated with continuous innovation, continuous improvement, and value creation as its backbone. The R&D team has actively constructed a new stage for cultivating and integrating innovation capacities, enhanced the overall competitiveness of the optoelectronic industry in Taiwan, created employment opportunities, taken into account the development of green energy design technology, and fulfilled corporate social responsibility.

2. Estimated research and development expenses

The company, for achieving the concept of sustainable operation, plans to invest in R&D expenditure for NT$399,000 thousand in 2024, especially for the investment in R&D personnel training that will be budgeted gradually according to the development of the planned new product and new technology; also, it will be adjusted according to the overall market environment and actual business operation in order to ensure the company's competitive advantage.

(IV) Effects of and response to changes in domestic and foreign policies and regulations relating to corporate finance and sales:

The company has conducted daily operations in compliance with relevant domestic and foreign laws and regulations. Also, it pays attention to the development and trends of domestic and foreign policies and changes in law and regulations. It adjusts the company's internal relevant systems to fully grasp and respond to changes in the market environment. As of today, the company's finance and sales has not been significantly affected by the changes in domestic and foreign policies or the law.

(V) Effects of and response to changes in technology (included information security risk) and the industry relating to corporate finance and sales

Although the Company has established comprehensive network and computer-related information security measures, in the face of rapidly changing information security threats and the advancement of new technologies, the Company cannot guarantee that its control of critical computer systems, such as that for manufacturing operations and accounting, will be completely protected from malicious cyber attacks and theft of business secrets by third parties. The Company will continue to task the Information Security Committee to coordinate information security measures, review and evaluate information security regulations and procedures to ensure their appropriateness and effectiveness and to protect the Company's business secrets.

Backlight modules and TV/display systems are the main products of the company. We also vertically integrate the development and manufacturing of parts and components with the core technologies of precision tooling, complete machine software/hardware and mechanism design. Along with the prosperous development of the LCD industry, the popularization of LED light sources, and the trend of interactive smart networking functions, the company's product development is also aimed at innovation and diversified operations; also, the company constantly pays attention to the technological changes and technological development of the industry and quickly grasps the industry development, continuously improves research and development capabilities, and actively expands new technology derivative applications in response to the impact of technological changes and industrial changes on the company.

2023 achievements

1. The NB ODM Backlight 14”/15.6” integrated with the one-stop metal and plastic parts developed internally, has successfully won orders from major manufacturers with mass production to commence in 2023Q4.
2. MNT LGP-related technology adopts a hot rolling process to improve product efficiency and make the differentiation. It was verified in 2023Q2 and has been fully produced in 2023Q4.
3. MNT narrow border LCM, developed with high-precision printing LGP and high scattering ink, has been put into full mass production in 2023Q4.
4. The automotive ODM Backlight 9"/12.3"/15 and the development of the Company's in-house iron-plastic self-made parts have successfully won orders from major panel manufacturers. It is expected that it will be fully produced in 2024Q2.
5. Automotive Mini-LEDs Backlight 7”/8”/16” with MLP & Cavity and other new technologies can effectively improve product efficiency and reduce the Hallo Effect. It is expected to be fully produced in 2025Q3.
6. The switchable viewing angle automotive Backlight has been favored by foreign Tier 1 leading manufacturers. There are three models of 12" left/right drive and 10.9" right drive models. It is expected to be fully produced in 2026Q2.
7. The front light module's continuous development is with new LGP pattern processing technology adopted, which can effectively improve the brightness and contrast, greatly improve the screen reading visibility of the front light module. The company is committed to developing green energy products. The product has been successfully implemented in 7.8" / 10.1" / 13.3" reflective LCD modules.
8. HDR has in recent years gradually become the mainstream display specification, and the backlight structure corresponding to HDR display technology is the Mini LED. Therefore, we have devoted ourselves to the development of this technology in recent years, and our main technologies are structural diffusion film/plate and Zonal Microlens Array. Applications range from Car Display to NB/MNT/TV; the main feature is that it can significantly reduce the number of LEDs used, which can reduce product cost and facilitate product sales and promotion.
9. Due to the promotion of smart cities in recent years, smart systems have been continuously applied in various fields, such as smart mobility, smart medical... etc.. The Company is actively engaged in the application of display technology in various fields and provides services and solutions.
   For example, in 2023, the company completed the smart field project, including the energy-saving AI integration solution for Kaohsiung Ferry, redesigned the ship's life-saving instruction display with medium and large size transflective LCD, provided the arrival reminder service in conjunction with GPS positioning, and improves visibility under strong outdoor sunlight while achieving energy conservation and carbon reduction. Secondly, the company innovatively launched AI virtual smart customer service. The transparent projection display provides intuitive dialogue and interaction, supports multiple languages, improves the efficiency of communication of tourism and transportation information, and at the same time reduces the manpower load on site. Thirdly, an intelligent AI image recognition system is introduced to detect and warn personnel not to accidentally enter the motorcycle lane to prevent traffic accidents. At the same time, the semi-penetrating reflective liquid crystal display is used to enhance the route guidance. Finally, a full-color electronic paper digital billboard is used to broadcast information such as boarding routes, government decree promotions, and advertisements, reducing labor and paper output costs, and achieving environmental protection and carbon reduction goals. In addition, we have also completed the solution for color electronic paper signage in the Southern Branch of the National Palace Museum, which replaces traditional paper and can be displayed in multiple languages.
10. With the booming development of the AMOLED market, many panel makers have mass-produced various types of AMOLED panels, which are widely used in wearable devices, smartphones, and even Pad, NB and other IT products, and the penetration rate of AMOLED is increasing year by year. Among small and medium-sized displays, AMOLED panels have become the mainstream. With the increasing demand for AMOLEDs, the demand for fine metal mask (FMM) is surging. In recent years, we have continued to improve in materials, process development, and product design; we completed development and production of WQHD high-definition smartphone 18 um thin film FMM and 11.3, 13”, 15.6” large width FMM for pad / notebooks in 2023 in order to pursue a higher market share and shareholder interests.
11. 7" portable photography auxiliary display. It can be used on the set of a film or by self-media creatives. The high brightness of 2000 Nits enables the monitor to display clearly under strong outdoor light. The fanless design allows the machine to operate without noise and does not affect the sound recording of videos. The flagship photography assist function allows users to more easily ensure that the exposure and focus of the image are correct, and that the composition of the shot is as expected. The built-in 3D Lut function allows users to view the effect after applying the filter. There are also other functions that allow users to process images to assist them in completing the shooting.
12. 15.6" display unit for vehicle use. IP66 waterproof and dustproof capability and IK8 anti-shock capability enhance the reliability of equipment. Equipped with a light sensor that can automatically adjust the brightness of the screen backlight according to the ambient light to achieve a clear display and energy-saving effects. Equipped with noise-cancelling microphones and speakers to communicate with the backend control center.
13. A series of display modules (Open Frame) 15.6”/ 21.5”/ 23.8”/ 27”/ 32”/ 43”/ 55” (LCM + AD board[optional] + Power board + Touch Panel[optional]).

14. A series of Curve Display Open Frame modules (43"/50"/55"), C-Type & J-Type, R1000 / R1500 curvature. It can be used in Gaming related fields.
15. 65" Local dimming LCM with 200 partitions. In the future, we will continue to develop 75"/86"/98" LCM with a local dimming function.
16. The microneedle patch technology continues to improve and is moving towards the stage of mass production. Samples are first moving towards the field of medical aesthetics, and research and development of whitening and anti-wrinkle skin care products are being carried out. Later, they are developed into the field of medicine and pharma
17. The Organ-On-Chip technology and samples have been developed, which can be used as an alternative to animal testing, new drug development, and personalized precision medicine related applications.
18. Elevator UFO TOUCH non-contact button was introduced into Taipei 101 Shopping Mall and won the Taiwan Excellence Award. UFO TOUCH can be applied to global public health security needs. Based on the three-dimensional floating image, the floating button can be triggered by lightly touching the floating image with a sense of futuristic and technological sense, achieving a more intuitive and user-friendly operating experience. In today's anti-pandemic environment, UFO TOUCH technology has brought a major change to the operation of elevator buttons. Users can easily trigger the button without touching the button, thereby greatly reducing the risk of virus transmission. At the same time, zero contact reduces the transmission route and provides users with a safer and friendly environment.

Direction of development in 2024

1. Actively search for new fields and new businesses with the existing design/manufacturing capabilities.
   The company has sufficient experience in electronic system/mechanical/optical design and comprehensive mold development/component manufacturing/module assembly. Therefore, the company has based on the one-stop design/production practice to explore new fields (such as IoT/automotive market/VR/medical display/traffic information board, etc.) in order to have the business operation transformed and a new business created.
2. Develop a new backlight structure that can help reduce by more than half of the number of mini LEDs used and solve the issues of high cost, low yield rate, heating dissipation caused by excessive mini LED backlights in use with the excellent optical design, precision processing technology and process integration of the company. The company is committed to having high definition technology updated and design and development of the lamp cup structure, focusing on automotive high-contrast dashboards, car entertainment display systems.
3. In response to the trend of big screens and long standby notebook models, the company has integrated the optical design and new pattern processing technology to upgrade the LGP luminous efficiency. We also developed a new brightness enhancement film to further improve the efficiency of the backlight module, and reduced the power consumption to meet long standby demands. Molding technologies with injection processes are continually improved towards thin LGP, with a target of 16” 0.45mm. As product penetration increases, increase options for future product applications The combination of thin board made of material with low water absorption and mechanical design is to narrow down the gap between parts and effectively reduce the edge of the module for a big screen that can help increase the company’s competitiveness and enter the high-end application market.
4. In recent years, with the popularization of new energy vehicles, the number and size of automotive displays have increased significantly. Combining optical design and ultra-precision processing technology, our current target is on the three major applications in high value-added backlights with switchable viewing angles, Mini-LED backlighting, and curved surfaces. A project R&D and sales team has been assembled to make plans for accelerating product promotion. A number of Tier 1 companies have already expressed great interest in Darwin's technology, and we expect to expand our sales channels in the automotive field and increase the Company's profits.
5. Aim for high-end MNT LCM, with two main targets: four-sided borderless high-end panels and LCD modules with high color saturation and low blue light. It is hoped to gradually change the product group and increase gross profit.
6. Programmable logic gate technology was applied to develop functions that general ASICs (Application Specific Integrated Circuits) could not support, and they were applied on products. For example, auxiliary monitors for photography. It can also respond to the plan for diverse products with a small quantity demand where the functional requirements of products vary greatly; therefore the features of programmable chips can be used to plan circuit designs to meet the different product functions, increasing the flexibility of hardware and software designs significantly. We will continue to optimize existing IP and develop new IP to improve product functions in 2024.
7. IME development assessment: Base on the mass production of home appliances and the development of automotive products to enhance the competitiveness of sales, review IMF mold design and electronic touch detection and sound and light feedback development to plan actual test verification, improve mold sets, and refine the new manufacturing process and design.
8. System Board Development for Various Types of Monitors
   For future public monitor demands and custom applications, the development of system boards can meet the diverse changes and demands of customers, and various effective solutions can be provided.
9. Develop peripheral products related to photography auxiliary displays, such as image wireless transmission modules, which can transmit or receive images wirelessly when paired with photography auxiliary displays to increase the competitiveness of display products.
10. Conduct research and function development verification for the needs of some individual fields (such as military regulations, navigation, transportation, medical treatment, etc.). Such as sunshine requirements, salt spray requirements, vibration requirements, etc. In the hope to expand the application of displays in new fields.

11. The micro-needle patch technology continues to improve and is moving towards the stage of mass production. Samples are first moving towards the field of medical aesthetics, and research and development of whitening and anti-wrinkle skin care products are being carried out. Later, they are developed into the field of medicine and pharma.
12. The Organ-On-a-Chip technology continues to focus on potential projects, cultivate different types of application fields, develop micro-channel simulation technology, and simultaneously integrate the development of chip and observation system equipment, hoping to provide one-stop service for downstream customers and shorten the time for customers to develop new products.
13. The pandemic prevention benefits of floating touch have attracted wide attention among the mall elevators in Taipei 101, and the Company has actively expanded it to more end-owners such as department stores, hospitals, construction companies, and public venues. With the continuous breakthrough of UFO TOUCH technology, it can be extended to public places such as ATM, ticket machines and cash registers (POS machines) in the future. The floating image technology can realize the science-fiction and futuristic sense of the movie in real life.
14. Combine AI algorithms, dedicated cameras and other advanced technologies to develop complete solutions, such as commodity promotion and shelf inventory management, real-time traffic monitoring and improvement, etc., to strengthen the expansion of the application of innovative display technology in retail, mobile and other fields.

(VI) Impact of change in the corporate image on crisis management, and countermeasures

The company, since the incorporation, has complied with relevant law and regulations, actively strengthened internal management and improved management quality and performance. It has also maintained a harmonious labor-management relationship to maintain a good corporate image. No event affected the corporate image as of the annual report's publication date.

(VII) Expected benefits from, risks relating to, and response to merger and acquisition plans

The company and the subsidiaries did not have any merger and acquisition plan implemented as of the annual report's publication date.

(VIII) Expected benefits from, risks relating to, and response to factory expansion plans

The company and the subsidiaries did not have any major plant expansion plan implemented as of the annual report's publication date.

(IX) Risks relating to and responses to excessive concentration of purchasing sources and excessive customer concentration

1. Risks relating to and responses to excessive concentration of purchasing sources
   LCD monitor & modules and optronic products & precision component are the main products of the company. The raw material procurement strategy is to have two or more suppliers for each key material. Domestic and foreign suppliers are recruited by the company that allows the company to decentralize procurement with a good cooperation relationship maintained; therefore, there should be no risk of concentration of purchases.

2. Risks relating to and respond to excessive customer concentration
   The company's revenue is generated mostly from LCD monitor & modules and optronic products & precision component. The 2023 consolidated revenue was approximately NT$17.77 billion, of which LCD monitor & modules accounted for about 74.61% and optronic products & precision component accounted for about 25.39%. The backlight module and panel final assembly are the core to liquid crystal display; therefore, the mode of cooperation with panel manufacturers is crucial. The company has the technology development of iron plastic parts, molds, and LGP, a complete supply chain of backlight module assembly and final panel assembly, and the support of upstream panel factories; therefore, the core technology in the supply chain of the company has given the company an edge in market competition. The company is also actively cooperating with major brand manufacturers and successfully completed the product verification by major manufacturers in Japan, South Korea, and China with a new source of revenue created. The company's production bases are located in East China, South China, Taiwan, and Southeast Asia; therefore, the risk relating to excessive customer concentration is minimized. Furthermore, The major customers of the Company are centralized in the LCD optoelectronic products industry, thus the credit risk is significantly centralized. The Company continuously evaluates its customer's financial position and actual collection situation, and, if necessary, the Company flexibly uses credit protection tools such as advance receipt, transfer of accounts receivable claims, credit insurance, or requires the customer to provide collateral or guarantees to reduce the customer's credit risk. The current credit risk is within management's expectation of control.

(X) Effects of, risks relating to, and response to large share transfers or changes in shareholdings by Directors, Supervisor or Shareholders with shareholdings of over 10%

There was no large share transfer or change as of the publication date of the annual report. If any, the share transfers or changes are normal financial management of the shareholders that do not have any impact on the company.

(XI) Effects of, risks relating to, and response to the changes in management

There was no change in management occurred to the company as of the annual report's publication date.

(XII) For litigation or non-litigation cases involving the Company, Directors, Supervisors, General Manager, actual persons in-charge or major Shareholders with a stake of 10% or more and affiliated companies that have been concluded or are still pending and have a material impact on the Shareholders' interest or security prices, the disclosure should be made regarding the content of the disputes, the sum of penalty or claim, the commencement date of the suits, the parties involved and the status as of the publication date of the annual report

1. The litigation, non-litigation, and administrative litigation cases of the company that are still pending currently:
   The company and the affiliated companies have no major litigation, non-litigation or administrative litigation cases concluded or pending that may have a material impact on the shareholders' interest or security prices.

2. The litigation, non-litigation, and administrative litigation cases involving the company's Directors, Supervisors, and major Shareholders with a stake of 10% or more that may have a material impact on the Shareholders' interest or security prices:
   The events related to the company's corporate director, AUO Corporation. (hereinafter referred to as "AUO"), are explained as follows:
   (Data source: The 2023 Annual Report of AUO)

   Patent action.

   Phenix Longhorn LLC ("Phenix") filed a lawsuit against two companies, including AUO to the Eastern District of Texas with the U.S. District Court in in October 2012, claiming that had infringed certain U.S. patent related to LCD panel manufacturing held by Phenix. AUO intends to vigorously defend this lawsuit, but the final result of this case cannot be determined, and the Company is continuously evaluating the substance of this lawsuit.

   Antitrust civil action

   In May 2014, Nanjing LG Xingang Display Co., Ltd. and seven of its affiliated companies (plaintiffs) filed a civil lawsuit against certain LCD manufacturers, including AUO, in the Seoul Central District Court, South Korea, claiming overcharge and damages compensation. The South Korean Court of First Instance ruled in November 2023 that AUO must pay the plaintiff a total of approximately 29.099 billion won plus interest. This case is a derivative civil lawsuit from the LCD antitrust case that ended in 2006. It has been ongoing for many years since the plaintiff filed the lawsuit in 2014. AUO filed an appeal in December 2023 and deposited the aforementioned 29.099 billion won plus interest deposit to the court in January 2024. The Plaintiffs also filed an appeal in March 2024. At this stage, the final outcome of this case cannot be determined, and AUO is continuing to evaluate the substance of this lawsuit.

   Explanation of Influence

   As of March 11, 2024, AUO evaluates the rationality of the recognized expenses in each financial reporting period according to the nature of the case, whether the possible loss amount is significant, the progress of the case and the opinions of professional consultants, and make necessary adjustments in the way the Company thinks fit, but the final amount will not be determined until the relevant cases are concluded. AUO wants to actively defend the aforementioned unsettled or ongoing litigation cases, but the final results of these cases cannot be determined, and the possible losses (if any) cannot be accurately estimated at present. AUO is continuously evaluating the substance of these lawsuits. In addition to the above litigation events, there are other litigation cases arising from the normal operation of the merged company, but other litigation cases should not have a significant adverse impact on the operation of AUO.

(XIII) Other important risks, and mitigation measures being or to be taken

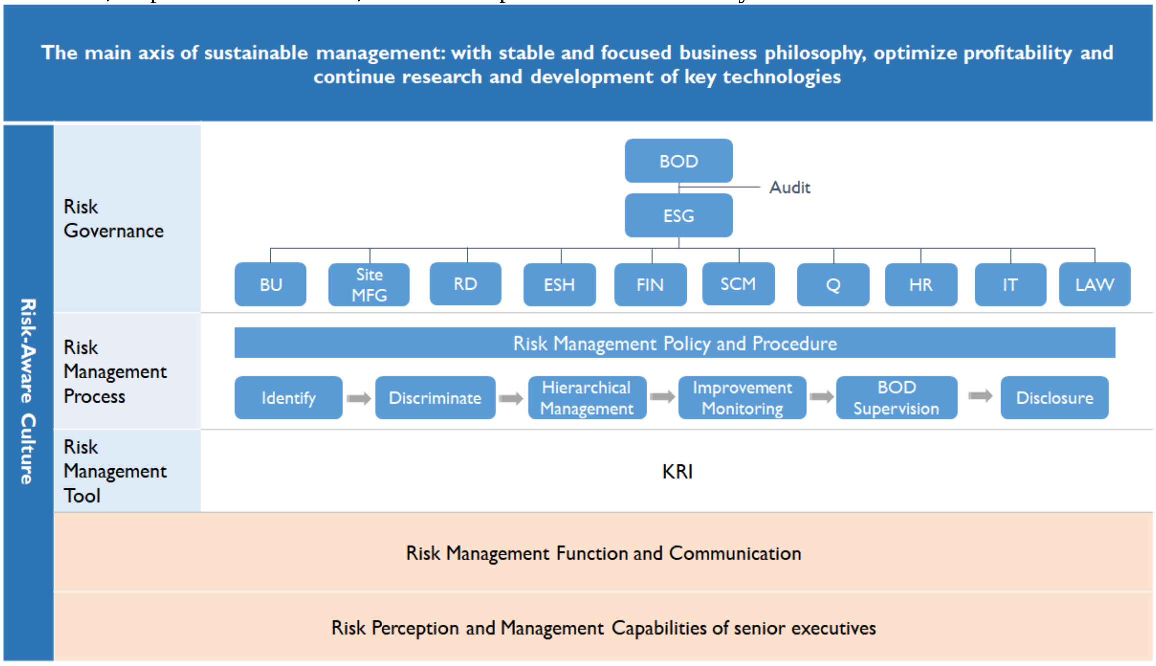
Risk Management

Risk management is an important part of maintaining business operations. The company acknowledges the existence of risks and is committed to implementing various policies and measures to reduce risks in order to create sustainable value for stakeholders and business opportunities for the company. The company, for effectively strengthening risk management, has constantly paid attention to the industry trends and market changes, grasped the trend of risk changes, and formulated management and control strategies and practices for major potential risk scenarios; also, regularly confirm and track the effectiveness of inspections in order to pursue optimized management cost-effectiveness within the acceptable risk.

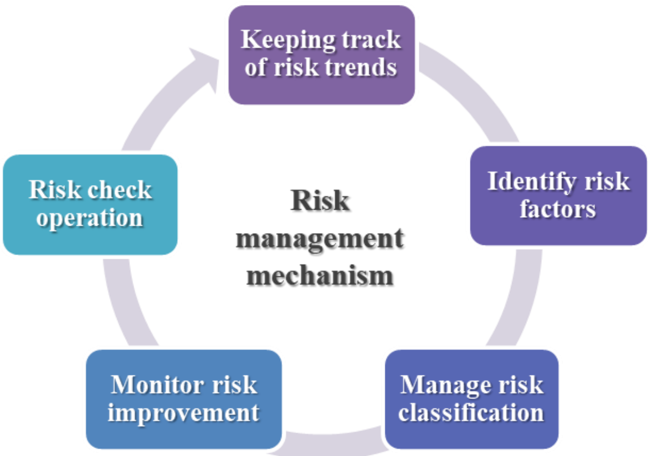
The company and the subsidiaries, while engaging in operating activities, should carefully review potential internal and external risks from the perspective of sustainable corporate operations; also, formulate relevant operating standards in accordance with the company's "risk management policies and procedures" to identify, measure, control, and monitor the potential business risks, to implement the operation of the risk management mechanism, and to enhance the risk management effect.

The company has established an environmental safety and health management system and environmental safety and health policy. The company has also organized an occupational safety and health committee at each plant's head office. The risk assessment items include: occupational safety and health, automatic inspections, operating environment monitoring, hazardous substances management, greenhouse gas emissions policy and management, resource management, disaster response drills, education and training, etc.

Risk management organization structure:
The company's ESG Committee is responsible for the integration of company-wide risks, and through the participation of the department of sales, manufacturing unit in each plant, R&D, safety and health management, finance, materials, quality, human resources, information, and legal affairs and audit, conducting risk recognition and identification analysis on the possibility and extent of potential losses internally and externally in order to achieve risk control, such as avoiding potential losses, preventing losses, or reducing losses, so to substantiate decentralized and responsibility-sharing risk control and audit management.
The identification and analysis, prevention, and monitoring of overall risks or major risk management and control issues should be reported to the board of directors at least once a year, and to report the implementation of specific promotion plans and implementation results. Through the supervision and guidance of the Board of Directors, we will implement the prevention of major risks of the Company to ensure the management cycle of "planning, execution, inspection and action", so that the operation can effectively achieve the benefits of risk control.



Risk management category:
The company's risk management scope includes but not limited to operational risk, market risk, environmental safety and health risk, financial risk, human resource risk, information security risk and other risks that may cause significant losses to the company; also, the company continues to pay attention to the development of domestic and foreign risks in order to grasp risk trends and identify emerging risks.
The company's risk management process includes: risk category identification, risk analysis and measurement, risk improvement monitoring, and risk reporting and disclosure.



Risk identification and responsive strategy:

Risk identification operations are conducted annually to assess the short-, medium- and long-term risks faced by the company from the perspective of sustainable operations. Low-risk items are controlled by each unit, while medium- and high-risk items are reported at the company's operation and management meeting to evaluate the impact on the company's operations and sustainable development.

The risk identification process of the Company is as follows: the supervisors of each unit or functional organization evaluate the possible or potential risks from daily operations or internal and external information, and after concentrating and compiling them, the supervisors at the division level or above conduct the identification of significant risks by means of questionnaires, and compile the main areas of concern.

Risk category	Focus	Prevention mechanism/Responsive strategy
Strategy risk	Technology development and product strategy	• Grasp the market trend of advance layout of new products and core technology application development, and to ensure the speed of research and development and cost control • Establish effective product development management mechanism, regularly measure cost effectiveness and review and adjust product development technology direction • Develop high-end products, strategic alliances and cooperation to enhance the competitive advantage of products
	Retention of key talents	• Formulate a talent retention plan to ensure the sustainability of the company's operation and talent development. • Retain key talent through company incentives, training programs and a friendly workplace environment
Business risk	Business promotion and market competition	• Focus on market competition, enhance customer communication to improve satisfaction and reduce customer turnover • Analyze market trends, business models and industry chain exchanges to grasp the market situation and develop potential markets and customers • Enhance the collection of customer financial information and business intelligence to reduce the risk of material preparation and bad debts
	Manufacturing and quality management	• Real-time manufacturing process inspection and defective product handling to reduce operational resources and costs • Regularly review the manpower plan to maintain the manpower stability and flexibility of manpower deployment in the production line to further improve the quality yield • Conduct customer VOC calls or visits regularly, grasp customer voices in advance, and anticipate prevention management
	Purchasing and inventory management	• Strengthen the risk and management mechanism of material breakage in production lines, including the introduction of localized supply chain, prepared material sources and off-site production • Strengthen the bargaining power and effectively predict the price fluctuation of raw materials in the market, and grasp the cost trend • Optimize the internal production and sales coordination and material preparation mechanism, supply chain delivery, and provide real-time feedback and adjustment to reduce the risk of defective materials
	Implementation of regulations follow	• Each unit fully understands and implements the laws and regulations in its field and keeps abreast of new trends to reduce the risk of violations, such as: labor and human rights, environmental protection and occupational safety, trade secrets and intellectual property rights, financial accounting, etc.
Emerging risk	Climate change and carbon management	• Promote green products and continue to conduct greenhouse inventory and promote energy-saving measures

Risk category	Focus	Prevention mechanism/Responsive strategy
		• Ensure that the company's products continue to comply with international green product regulations and customer requirements, formulate green specifications for materials, and control through the green management platform
	Information safety management	• Strengthen off-site backup and firewall security to avoid attacks, establish endpoint protection mechanisms, and continue to promote information security concepts • Implement the information security regulations of employee to avoid leakage of important secrets • IT equipment stability and data backup management to avoid system maintenance interruptions affecting production and operations
	Disaster and power outage response	• Establish backup energy and equipment protection mechanisms to maintain plant uninterrupted operations • Improve energy efficiency and renewable energy installations to maintain stable power supply and reduce production risks

Implementation of risk management:

(I) The company has the business operating results and overall strategy discussed at the top management meetings quarterly and occasionally to continuously implement the identification, analysis, and classification of risk matters within the scope of risk management; also, strengthen risk response capabilities for having the company's overall risk controlled effectively.

(II) The company's quality center supervises each unit to regularly review the content of the relevant operational specifications regulated annually in order to identify changes in environmental conditions promptly and achieve the effectiveness of the operational specifications.

(III) The company continues to enhance all personnel's risk awareness and recognition through employee education and training. The relevant courses arranged in 2023 are as follows:

Course content	Number of trainees in 2023	Total training hours
Environmental safety and health education and training	23,373	70,119
Information security regulations, planning, and equipment and environment introduction	420	150
Basic legal knowledge	126	44

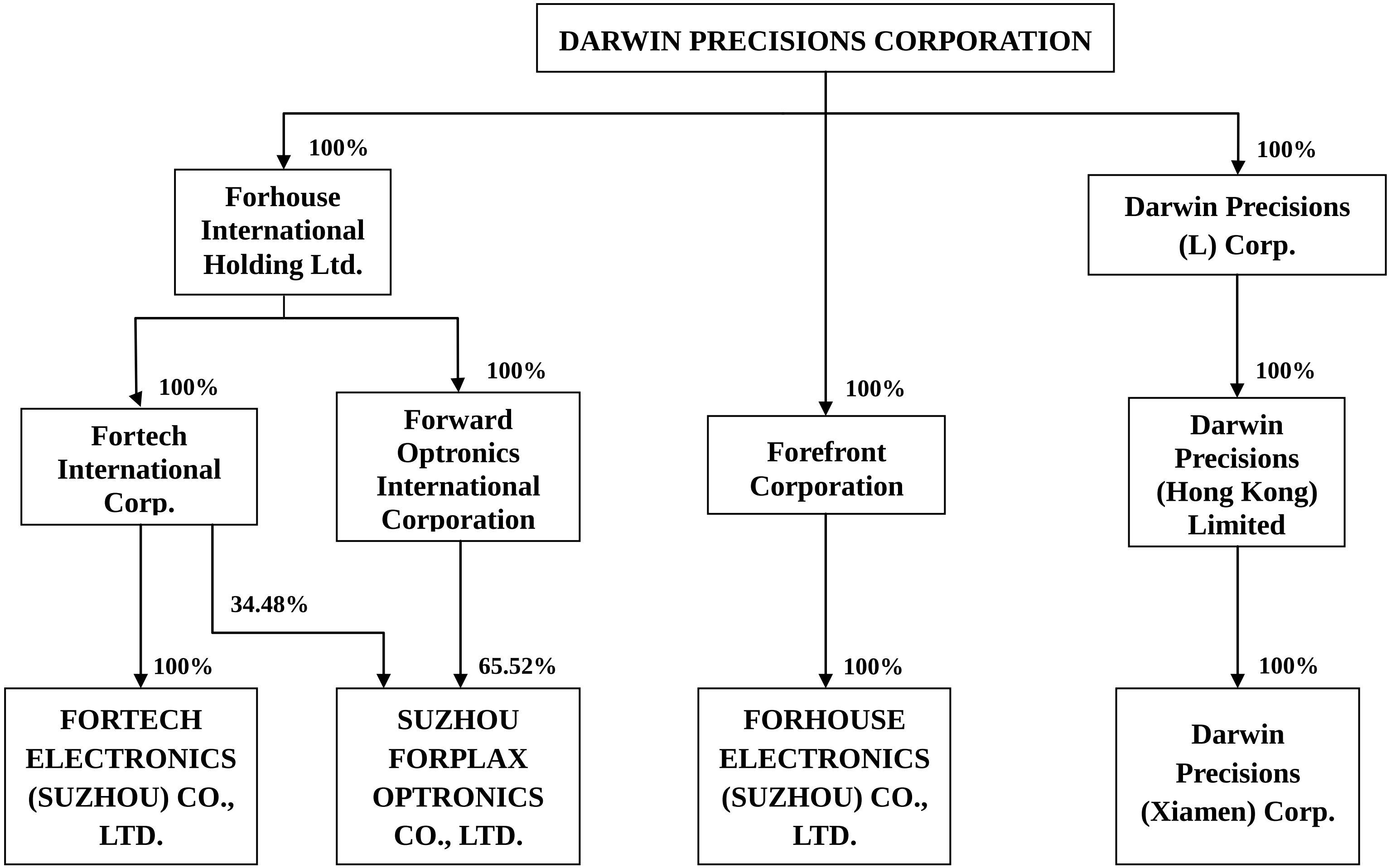
VII. Other major items: None.

Chapter VIII. Special Disclosure

I. Information about affiliates

(I) Organization chart of affiliates

December 31, 2023



(II) Basic information of affiliates

December 31, 2023; Unit: thousand

Name of business	Date of Incorporation	Address	Paid-in Capital	Main Activities
Forhouse International Holding Ltd. (FHVI)	1999.09.17	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, VIRGIN ISLANDS, BRITISH	USD 22,006	Holding Company
Darwin Precisions (L) Corp. (DPLB)	2005.11.18	Unit Level 3(J), Main Office Tower, Financial Park Complex Labuan, Jalan Merdeka, 87000 W.P. Labuan, Malaysia	USD 76,846	Holding Company
Forefront Corporation (FFMI)	2001.06.20	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 6,526	Holding Company
Forward Optronics International Corporation (FWSA)	2004.12.13	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 19,000	Holding Company
Fortech International Corp. (FTMI)	2002.07.26	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 6,503	Holding Company
Darwin Precisions (Hong Kong) Limited (DPHK)	2007.11.21	Room 1204 Yu Sung Boon Building, 107-111 Des Voeux Road Central, Hong Kong	USD 57,786	Holding Company
FORTECH ELECTRONICS (SUZHOU) CO., LTD. (FTWJ)	2002.08.30	No.399, Jin Hu Rd., Wujiang Economic and Technological Development Zone, Suzhou City, Jiang Su Province	USD 35,000	Manufacturing and sales of backlight modules and related parts
SUZHOU FORPLAX OPTRONICS CO., LTD. (FPWJ)	2005.02.28	No.399, Jin Hu Rd., Wujiang Economic and Technological Development Zone, Suzhou City, Jiang Su Province	USD 29,000	Manufacturing, sales and trading of precision plastic parts
FORHOUSE ELECTRONICS (SUZHOU) CO., LTD. (FHWJ)	2001.10.09	No.399, Jin Hu Rd., Wujiang Economic and Technological Development Zone, Suzhou City, Jiang Su Province	USD 6,500	Manufacturing and sales of backlight modules and related parts
Darwin Precisions (Xiamen) Corp. (DPXM)	2006.03.31	No. 3089, Xiangan North Road, Torch High-Tech (Xiangan) Industrial Development Zone, Xiangan District, Xiamen City, Fujian Province	USD 70,000	Manufacturing and sales of liquid crystal products, backlight modules and related parts

(III) Shareholders of the companies presumed to have a relationship of control and affiliation: None.

(IV) Industries covered by all affiliates:

December 31, 2023

Name of business	Main Activities	Division of Work
FHVI	Holding Company	Invest FTMI、FWSA、PMSA
FTMI	Holding Company	Invest FTWJ、FPWJ
FWSA	Holding Company	Invest FPWJ
FFMI	Holding Company	Invest FHWJ
DPLB	Holding Company	Invest DPHK
DPHK	Holding Company	Invest DPXM
DPXM	Manufacturing and sales of liquid crystal products, backlight modules and related parts	Supply of key parts
FTWJ	Manufacturing and sales of backlight modules and related parts	Sell backlight modules to parent company
FPWJ	Manufacturing, sales and trading of precision plastic parts	-
FHWJ	Manufacturing and sales of backlight modules and related parts	-

Directors, supervisors, and presidents of affiliates

December 31, 2023

Name of business	Title	Name	Shareholdings: Shares(thousand shares / investment amounts in thousand)	Shareholdings: Shareholding percentage(%)
FHVI	Director	Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang	The Company holds 22,006	100.00
DPLB	Director	Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang	The Company holds 76,846	100.00
FFMI	Director	Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang	The Company holds 653	100.00
FWSA	Director	Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang	FHVI holds 19,000	100.00
FTMI	Director	Kuo-Hsin (Michael) Tsai, Sheng-Kai (SK) Huang	FHVI holds 6,503	100.00
DPHK	Director	Darwin Precisions (L) Corp., Kuo-Hsin (Michael) Tsai	DPLB holds 10	100.00
FTWJ	Director	Sheng-Kai (SK) Huang, CC Lee, Kuo-Tai Ching	FTMI's investment USD35,000	100.00
	Supervisor	Cheng-Cho Tsao		
	President	CC Lee		
FPWJ	Director	Sheng-Kai (SK) Huang, CC Lee, Kuo-Tai Ching	FTMI's investment USD10,000 FWSA's investment USD19,000	100.00
	Supervisor	Cheng-Cho Tsao		
	President	CC Lee		
FHWJ	Director	Sheng-Kai (SK) Huang, CC Lee, Kuo-Tai Ching	FFMI's investment USD6,500	100.00
	Supervisor	Cheng-Cho Tsao		
	President	CC Lee		
DPXM	Director	Sheng-Kai (SK) Huang, Kuo-Tai Ching, Allen Lan	DPHK's investment USD70,000	100.00
	Supervisor	Cheng-Cho Tsao		
	President	Allen Lan		

(V) Overview of subsidiaries's operations

December 31, 2023; Unit: thousand

Name of business	Capital	Total assets	Total liabilities	Total equity	Revenue	Profit(loss) from operations	Profit or loss for the year (After income tax)	Earnigns per share (After income tax) (Note 1)
FHVI	USD 22,006	USD 66,050	USD 0	USD 66,050	USD 0	USD 0	USD 2,981	0.14
DPLB	USD 76,846	USD 154,089	USD 0	USD 154,089	USD 0	USD 0	USD 25,218	0.33
FWSA	USD 19,000	USD 16,104	USD 0	USD 16,104	USD 0	USD 0	USD 567	0.03
FTMI	USD 6,503	USD 49,944	USD 0	USD 49,944	USD 0	USD 0	USD 2,415	0.37
FFMI	USD 6,526	USD 2,418	USD 0	USD 2,418	USD 0	USD 0	USD 323	0.05
DPHK	USD 57,786	USD 154,088	USD 0	USD 154,088	USD 0	USD 0	USD 25,218	0.44
FTWJ	USD 35,000	CNY 1,071,332	CNY 772,353	CNY 298,979	CNY 1,099,986	CNY 3,898	CNY 15,017	-
FPWJ	USD 29,000	CNY 171,924	CNY 742	CNY 171,183	CNY 0	(CNY 5,105)	CNY 6,135	-
FHWJ	USD 6,500	CNY 18,120	CNY 913	CNY 17,207	CNY 0	(CNY 6,023)	CNY 2,294	-
DPXM	USD 70,000	CNY 1,827,122	CNY 730,237	CNY 1,096,885	CNY 2,611,391	CNY 108,999	CNY 172,954	-

Note 1: Calculated based on the number of outstanding shares for each company on December 31, 2023. Unit: dollars.

II. Consolidated Financial Statements of Affiliates: Please refer to appendix 2 of the consolidated financial statements for 2023.

III. Affiliation Reports: Not Applicable.

IV. Private placement of securities handling status during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

V. Holding or disposition of the Company shares by subsidiaries in the most recent year up to the publication date of this Annual Report: None.

VI. Other items that must be included: None.

VII. Other disclosure items:
Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed by Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this Annual Report: None.

Appendix 1. Statement of Internal Control System

DARWIN PRECISIONS CORPORATION
Statement of Internal Control System

Date: January 29, 2024

Based on the findings of a self-assessment, DARWIN PRECISIONS CORPORATION (hereinafter “the Company”) states the following with regard to its internal control system during the year 2023:

I. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and managers. The Company has established such a system with an aim to providing reasonable assurance for the achievement of the following objectives: The effectiveness and efficiency of business operation (including profitability, performance, and safe-guarding of company assets; The reliability, timeliness, transparency, and regulatory compliance of financial reporting and other related reports; and The compliance with applicable laws, regulations and rulings.

II. An internal control system has inherent limitations. No matter how perfectly it is designed, an effective internal control system can provide only reasonable assurance of achieving the three above-mentioned objectives. Moreover, the effectiveness of the internal control system may be subject to changes of environment or circumstances. Nonetheless, the Company's internal control system comprises of self-monitoring mechanisms, and the Company immediately undertakes corrective measures once a deficiency is identified

III. The Company assesses the design and operating effectiveness of its internal control system in accordance with the criteria stated in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria stipulated in the Regulations identify five essential elements of an internal control system based on managerial control process, including 1). Control environment, 2). Risk assessment 3). Control activities, 4). Information and communication, and 5). Monitoring activities. Each essential element further contains several items. Please see the Regulations for the aforementioned items.

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

V. Based on the results of the abovementioned assessment, the Company believes that, as of December 31, 2023, its internal control system, including its supervision and management of subsidiaries, was effective in design and operation and provided reasonable assurance of achievement of operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations and rulings.

VI. This Statement constitutes an integral part of the Annual Report for the year 2020 and the Prospectus of the Company and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 in the Securities and Exchange Act.

VII. This Statement has been approved by the Board of Directors in their meeting held on January 29, 2024, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

DARWIN PRECISIONS CORPORATION

Chairman: Kuo-Hsin (Michael) Tsai

President: Sheng-Kai (SK) Huang

Appendix 2. Consolidated Financial Statements and Independent Auditor’s Report for the recent fiscal year

Stock Code:6120

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements and Independent Auditors’ Report

For the Years Ended December 31, 2023 and 2022

Address: No.20-1,Guangfu North Rd.,Hukou Township.,Hsinchu County303036,Taiwan(R.O.C)

Telephone: (03)566-8000

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

Representation Letter

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

Company name: Darwin Precisions Corporation
Chairman: Kuo-Hsin Tsai
Date: January 29, 2024

Independent Auditors' Report

To the Board of Directors of Darwin Precisions Corporation:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(15) and Note 6(17) of the consolidated financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; verifying invoices and forms to confirm that revenue recognition has been recorded in an appropriate period.

2. Impairment of long-term non-financial assets (excluding goodwill)

Refer to Note 4(13) “Impairment of nonfinancial assets”, Note 5 “Critical accounting judgments and key sources of estimation and assumption uncertainty”, and Note 6(7) “Impairment-non-financial assets of estimation” of the consolidated financial statements.

Description of key audit matter:

The Group operates in an industry with high investment costs, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets. The impairment assessment includes identifying cash-generating units, determining a valuation model, determining those significant assumptions, and computing the recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding the assumptions used, impairment assessment one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group’s controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Group and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets’ future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; We also performed an inquiry of the management and identified any event after the balance sheet date to determine whether it is able to affect the results of the impairment assessment.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit 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 with the IFRSs, IASs, IFRIC, 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 (inclusive of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Shyh-Huar and Chen, Yen-Hui.

KPMG

Taipei, Taiwan (Republic of China)
January 29, 2024

Notes to Readers

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

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

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

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 5,332,533	29	4,058,322	22
1110	Financial assets at fair value through profit or loss–current (note 6(2))	11,864	-	9,752	-
1136	Financial assets at amortized cost－current (note 6(2))	562,333	3	-	-
1170	Accounts receivable (note 6(3))	2,323,443	13	1,025,278	6
1180	Accounts receivable from related parties (note 6(3) and 7)	1,720,598	9	1,404,727	8
1200	Other receivables (note 6(4))	29,290	-	2,275,537	13
1210	Other receivables from related parties (note 6(4) and 7)	475	-	557	-
1310	Inventories (note 6(5))	1,318,803	7	984,181	5
1476	Other financial assets–current (note 8)	307,180	2	230,490	1
1479	Other current assets (note 6(9))	81,639	1	72,177	-
		11,688,158	64	10,061,021	55
	Noncurrent assets:				
1517	Financial assets at fair value through other comprehensive income – noncurrent (note 6(2))	58,331	-	98,263	1
1535	Financial assets at amortized cost－noncurrent (note 6(2))	356,567	2	1,142,218	6
1550	Investments in equity–accounted investees (note 6(6))	49,138	-	257,410	1
1600	Property, plant and equipment (note 6(7),7 and 8)	5,028,776	28	5,572,871	31
1755	Right-of-use assets (note 6(8) and 8)	196,767	1	204,974	1
1840	Deferred tax assets (note 6(14))	456,009	3	138,373	1
1915	Prepayments for business facilities	3,726	-	10,508	-
1980	Other financial assets–noncurrent (note 8)	387,560	2	694,751	4
1995	Other noncurrent assets	363	-	2,501	-
		6,537,237	36	8,121,869	45
	Total assets	**$ 18,225,395**	**100**	**18,182,890**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2130	Contract liabilities–current (note 6(17) and 7)	$ 11,774	-	54,011	-
2170	Accounts payable	3,531,586	19	2,095,230	11
2180	Accounts payable to related parties(note 7)	146,128	1	94,113	-
2200	Other payables	1,116,924	6	1,026,278	6
2220	Other payables to related parties(note 7)	18,104	-	14,990	-
2230	Current tax liabilities	119,820	1	108,172	1
2250	Provisions–current(notes 6(12))	45,092	-	58,938	-
2320	Long-term borrowings, current portion (note 6(11) and 8)	907,211	5	300,794	2
2399	Other current liabilities(notes 6(10) and 7)	70,200	-	325,934	2
		5,966,839	32	4,078,460	22
	Noncurrent liabilities:				
2540	Long-term borrowings (note 6(11) and 8)	2,021,392	11	3,787,843	21
2550	Provisions-noncurrent (note 6(12))	15,210	-	4,688	-
2570	Deferred tax liabilities (note 6(14))	905,013	5	895,320	5
2600	Other noncurrent liabilities	95,170	1	88,785	-
		3,036,785	17	4,776,636	26
	Total liabilities	9,003,624	49	8,855,096	48
	Equity attributable to owners of parent (note 6(2) and (15)):				
3100	Common stock	6,655,551	37	6,655,551	37
3200	Capital surplus	2,837,442	16	2,837,438	16
3300	Retained earnings	944,953	5	920,934	5
3400	Other components of equity	(1,216,175)	(7)	(1,086,129)	(6)
	Total equity	9,221,771	51	9,327,794	52
	Total liabilities and equity	**$ 18,225,395**	**100**	**18,182,890**	**100**

See accompanying notes to consolidated financial statements.

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

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(17) and 7)	$ 17,769,982	100	14,465,590	100
5000	**Operating costs** (notes 6(5), (13) , (18)and 7)	16,917,772	95	14,493,310	100
	Gross profit (loss) from operations	852,210	5	(27,720)	-
6000	**Operating expenses** (notes 6(3), (13), (18) and 7)**:**				
6100	Selling expenses	178,879	1	185,374	1
6200	Administrative expenses	599,406	3	580,586	4
6300	Research and development expenses	351,346	2	355,674	2
		1,129,631	6	1,121,634	7
	Loss from Operations	(277,421)	(1)	(1,149,354)	(7)
7000	**Non-operating income and expenses:**				
7100	Interest income (note 6(19))	203,873	1	119,364	-
7010	Other income (note 6(19) and 7)	115,821	-	146,197	1
7020	Other gains and losses (note 6(7)、(19))	(8,022)	-	1,330,751	9
7050	Finance costs (note 6(19))	(57,204)	-	(45,317)	-
7370	Share of profit (losses) of associates and joint ventures accounted for using the equity method, net (note 6(6))	818	-	(12,533)	-
		255,286	1	1,538,462	10
7900	**(Loss) profit before income tax**	(22,135)	-	389,108	3
7950	Less: Income tax (benefit) expenses (note 6(14))	(136,794)	(1)	263,444	2
8200	Profit for the period	114,659	1	125,664	1
	Other comprehensive income:				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income(note 6(2))	13,830	-	-	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(165,691)	(1)	(13,910)	-
8399	Income tax related to items that may be reclassified subsequently (note 6(14))	33,145	-	2,782	-
	Total items that may be reclassified subsequently to profit or loss	(132,546)	(1)	(11,128)	-
8300	**Other comprehensive income (loss), net of tax**	(118,716)	(1)	(11,128)	-
8500	**Total comprehensive income (loss) for the year**	$ (4,057)	-	114,536	1
	Earnings per share (NT dollars) (note 6(16))				
9750	Basic earnings per share	$	0.17		0.19
9850	Diluted earnings per share	$	0.17		0.19

See accompanying notes to consolidated financial statements.

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

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital		Retained earnings				Other components of equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2022	$ 6,655,551	3,486,669	-	795,270	(649,231)	146,039	(1,072,501)	(2,500)	(1,075,001)	9,213,258
Appropriation and distribution of retained earnings:										
Capital surplus used to cover accumulated deficits	-	(649,231)	-	-	649,231	649,231	-	-	-	-
	-	(649,231)		-	649,231	649,231	-	-	-	-
Profit for the year	-	-	-	-	125,664	125,664	-	-	-	125,664
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(11,128)	-	(11,128)	(11,128)
Total comprehensive income (loss) for the year	-	-	-	-	125,664	125,664	(11,128)	-	(11,128)	114,536
Balance at December 31, 2022	**$ 6,655,551**	**2,837,438**	**-**	**795,270**	**125,664**	**920,934**	**(1,083,629)**	**(2,500)**	**(1,086,129)**	**9,327,794**
Balance at January 1, 2023	$ 6,655,551	2,837,438	-	795,270	125,664	920,934	(1,083,629)	(2,500)	(1,086,129)	9,327,794
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	12,566	-	(12,566)	-	-	-	-	-
Special reserve	-	-	-	11,128	(11,128)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(101,970)	(101,970)	-	-	-	(101,970)
	-	-	12,566	11,128	(125,664)	(101,970)	-	-	-	(101,970)
Profit for the year	-	-	-	-	114,659	114,659	-	-	-	114,659
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(132,546)	13,830	(118,716)	(118,716)
Total comprehensive income (loss) for the year	-	-	-	-	114,659	114,659	(132,546)	13,830	(118,716)	(4,057)
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-	-	-	4
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	11,330	11,330	-	(11,330)	(11,330)	-
Balance at December 31, 2023	**$ 6,655,551**	**2,837,442**	**12,566**	**806,398**	**125,989**	**944,953**	**(1,216,175)**	**-**	**(1,216,175)**	**9,221,771**

See accompanying notes to consolidated financial statements.

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

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from (used in) operating activities:			
Loss (profit) before income tax	$	(22,135)	389,108
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		925,915	965,055
Expected credit loss		4,507	-
Net loss on financial instruments at fair value through profit or loss		16,704	80,068
Interest expense		57,204	45,317
Interest income		(203,873)	(119,364)
Dividend income		(178)	(1,939)
Share of (gain) loss of associates and joint ventures accounted for using equity method		(818)	12,533
Gain on disposal of investment		(41,567)	(148,620)
Property, plant and equipment transferred to expense		343	-
Gains on disposal of property, plant and equipment, net		(8,964)	(1,036,920)
Total adjustments to reconcile profit		749,273	(203,870)
Changes in operating assets and liabilities:			
Changes in operating assets:			
Increase in financial assets at fair value through profit or loss		(18,816)	(76,223)
(Increase) decrease in accounts receivable		(1,302,590)	633,252
(Increase) decrease in accounts receivable from related parties		(315,871)	564,207
Increase in other receivables		(1,043)	(4,883)
Decrease in other receivables from related parties		82	1,410
(Increase) decrease in inventories		(339,481)	698,366
Decrease in prepayments		6,012	-
(Increase) decrease in other current assets		(4,889)	71,944
Decrease (increase) in other noncurrent assets		2,138	(1,532)
Total changes in operating assets		(1,974,458)	1,886,541
Changes in operating liabilities:			
Increase (decrease) in accounts payable		1,436,356	(1,799,799)
Increase (decrease) in accounts payable to related parties		52,015	(118,398)
Increase (decrease) in other payables		77,542	(201,284)
Increase (decrease) in other payable to related parties		2,553	(4,683)
Decrease in provisions		(2,778)	(46,882)
(Decrease) increase in other current liabilities		(9,541)	178,623
Increase in other noncurrent liabilities		7,308	6,834
Total changes in operating liabilities		1,563,455	(1,985,589)
Total changes in operating assets and liabilities		(411,003)	(99,048)
Total adjustments		338,270	(302,918)

See accompanying notes to consolidated financial statements.

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

DARWIN PRECISIONS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash generated from operations	316,135	86,190
Interest received	196,904	93,113
Dividends received	178	1,939
Interest paid	(56,908)	(44,477)
Income taxes paid	(138,501)	(299,291)
Net cash provided by (used in) operating activities	317,808	(162,526)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(532,470)	(402,664)
Proceeds from disposal of financial assets at amortized cost	767,634	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	53,762	-
Acquisition of investments accounted for using equity method	(36,720)	-
Return of capital of investments in equity-accounted investees	-	83,152
Acquisition of property, plant and equipment	(381,149)	(1,159,678)
Proceeds from disposal of property, plant and equipment	22,974	2,539,347
(Increase) decrease in refundable deposits	(304)	1,158
Decrease (increase)in other receivables	2,231,952	(2,231,952)
Decrease (increase) in other financial assets	234,905	(921,960)
Increase in prepayments for business facilities	(36,303)	(7,901)
Net cash provided by (used in) investing activities	2,324,281	(2,100,498)
Cash flows from (used in) financing activities:		
Proceeds from short-term borrowings	-	118,894
Repayments of short-term borrowings	-	(162,814)
Proceeds from long-term borrowings	3,001,000	4,613,616
Repayments of long-term borrowings	(4,156,191)	(4,255,116)
Decrease in guarantee deposits received	(923)	(19,936)
Cash dividends paid	(101,970)	-
Net cash (used in) provided by financing activities	(1,258,084)	294,644
Effect of exchange rate changes on cash and cash equivalents	(109,794)	67,974
Net increase (decrease) in cash and cash equivalents	1,274,211	(1,900,406)
Cash and cash equivalents at beginning of year	4,058,322	5,958,728
Cash and cash equivalents at end of year	$ 5,332,533	4,058,322

See accompanying notes to consolidated financial statements.

1. Company history

Forhouse Corporation (“Forhouse”) was incorporated on October 13,1989 approved by the Ministry of Economic Affairs. It mainly engaged in designing, manufacturing, assembling, processing and trading of backlight modules, computer peripherals, and communication equipments.

BriView Corp. ("BriView") was approved to establish on September 8, 2008. It mainly engaged in designing, manufacturing and sales of LCD modules, backlight modules, LCD TVs and related components.

In order to integrate the overall resources and expand the scale of business and enhance operational performance and competitiveness, Forhouse merged with BriView on October 1, 2014 in accordance with the "Business Mergers and Acquisitions Act". After merger, Forhouse was legally the surviving company and BriView was the dissolved company. Forhouse was then changed to Darwin Precisions Corp. (“the Company”) with the approval of the Ministry of Economic Affairs. The Company’s registered address is No.20-1, Guangfu North Rd., Hukou Township, Hsinchu County, Taiwan (R.O.C).

The Company and its subsidiaries (“the Group”) mainly engaged in designing, manufacturing and sales of LCD modules, backlight modules, LCD TVs and related components.

2. Approval date and procedure of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on January 29, 2024.

3. New standards, amendments and interpretations adopted:

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

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

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

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

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

(b) The impact of IFRS endorsed by the FSC but not yet effective

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

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

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

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

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

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) **Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IAS, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC, R.O.C..

(2) **Basis of preparation**

(i) Basis of measurement

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

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

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

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the equity.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**
The Company	Darwin Precisions (L) Corp. (DPLB)	Holding company	100%	100%
"	Forhouse International Holding Ltd. (FHVI)	"	100%	100%
"	Forefront Corporation (FFMI)	"	100%	100%
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	"	100%	100%
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ)	Manufacturing and sales of backlight modules and related parts	-	100%
"	Darwin Precisions (Xiamen) Corp. (DPXM)	Manufacturing and sales of liquid crystal products、backlight modules and related parts	100%	100%
FHVI	Fortech International Corp.(FTMI)	Holding company	100%	100%
"	Forward Optronics International Corporation (FWSA)	"	100%	100%
FFMI	Forhouse Electronics (Suzhou) Co., Ltd. (FHWJ)	Manufacturing and sales of backlight modules and related parts	100%	100%

(Continued)

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**
FTMI	Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	"	100%	100%
FTMI and FWSA	Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Manufacturing, sales and trading of precision plastic parts	100%	100%

Note：The registration and legal process of DPSZ's liquidation had been completed on December 25, 2023, respectively, based on the resolution approved during the shareholders'meeting of DPSZ on September 27, 2022.

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

(4) **Foreign currencies**

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) An investment in equity securities designated as at fair value through other comprehensive income;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

(Continued)

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

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

(5) **Classification of current and non-current assets and liabilities**

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

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

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

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

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

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

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

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

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

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

(6) **Cash and cash equivalents**

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

(Continued)

(7) **Financial instruments**

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

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

(Continued)

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables, other receivables, guarantee deposit paid and other financial assets) and contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than one year past due, or the debtor is unlikely to pay its credit obligations to the Group in full.

(Continued)

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

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

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

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

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 360 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(Continued)

5) Derecognition of financial assets

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

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

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

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

(Continued)

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) **Investment in associates**

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unearned gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(10) **Joint venture**

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint ventures) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(11) **Property, plant and equipment**

(i) Recognition and measurement

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

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

(Continued)

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings 3~50 years

2) Machinery and equipment 1~10 years

3) Other equipment 1~20 years

4) The major components of houses, buildings, machinery and equipment, and their useful lives are as follows：

Compose item	**Useful Lives**	**Compose item**	**Useful Lives**
Buildings:		Machinery and equipment:	
Main building	20~50 years	Injection machine and polishing machine	1~10 years
Piping and fire engineering	5~21 years	Dehumidification drying and feeding system	2~10 years
Plant construction project	10~20 years	Light guide plate polishing machine	2~10 years
Compartment engineering	5 years	Other	1~10 years
Other	3 years		

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

(12) **Leases**

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

(Continued)

(i) As a lessee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

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

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

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

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

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

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

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

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

5) there is any lease modification.

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

(Continued)

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

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

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

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) As a lessor

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

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(13) **Impairment of nonfinancial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units（CGUs）.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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

(14) **Provisions**

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(15) **Revenue**

(i) Revenue from contracts with customers

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

1) Sale of goods

The Group manufactures and sells backlight modules and LCD optoelectronic products and related components. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a refund for backlight module and LCD optoelectronic products under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(12).

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

(Continued)

2) 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.

(ii) Contract costs

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

For general and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(16) **Government grants**

The Group recognizes an unconditional government grant related to an asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) **Employee benefits**

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(18) **Income taxes**

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

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

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

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

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

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

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

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

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

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

(Continued)

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

1) the same taxable entity; or

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

(19) **Earnings per share**

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(20) **Operating segments**

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

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows：

Impairment of property, plant and equipment and right-of-use assets

In the process of evaluating the potential impairment of assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

(Continued)

6. Explanation of significant accounts:

(1) **Cash and cash equivalents**

	December 31, 2023	December 31, 2022
Demand deposits	$ 1,657,376	1,425,790
Time deposits	3,675,157	2,632,532
	$ 5,332,533	4,058,322

Please refer to note 6(21) for the credit risk exchange rate risk, interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(2) **Financial assets**

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss：		
Derivative instruments not used for hedging－Forward exchange contracts	$ 11,864	9,752

The Group uses derivative financial instruments to manage the exposure to foreign exchange risk arising from operating, financing and investing activities. The following derivative financial instruments, without the application of hedge accounting in the December 31, 2023 and 2022, were classified as financial assets at fair value through profit or loss:

Forward exchange contracts:

	December 31, 2023		
	Amount (in thousands)	Currency	Maturity date
Forward exchange sold	USD 34,000	USD to CNY	2024.1.12~2024.3.25

	December 31, 2022		
	Amount (in thousands)	Currency	Maturity date
Forward exchange sold	USD 22,000	USD to CNY	2023.1.13~2023.3.14

(Continued)

(ii) Financial assets at fair value through other comprehensive income－noncurrent

		December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income：			
Unlisted common shares			
Domestic Company	$	47,617	87,549
Foreign Company		10,714	10,714
	$	58,331	98,263

The purpose that the Group invests in the above-mentioned equity securities is for long-term strategies rather than trading purpose. Therefore, those equity securities are designated as financial assets at fair value through other comprehensive income.

In 2023, the Group recognized an unrelized gains from investment in equity instrument measured at fair value through other comprehensive income of $13,830 thousand.

In May 2023, the Group sold its financial assets at fair value through other comprehensive income. The financial assets sold had a fair value of $53,762 thousand and the Group realized a gain of $11,330 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings. There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments in Year 2022.

For credit risk and market risk, please refer to note 6(21).

As of December 31, 2023 and 2022, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

(iii) Financial assets at amortized cost

		December 31, 2023	December 31, 2022
Current :			
Time deposits	$	562,333	-
Noncurrent :			
Time deposits	$	356,567	1,142,218

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

For credit risk, please refer to note 6(21).

(Continued)

As at December 31, 2023 and 2022, the financial assets measured at amortized costs of the Group had not been pledged as collateral.

(3) **Accounts receivables (Including related parties)**

		December 31, 2023	December 31, 2022
Accounts receivable–measured at amortized cost	$	4,048,466	2,430,005
Less: Loss allowance		(4,425)	-
	$	4,044,041	2,430,005

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

As of December 31, 2023 and 2022, the Group fully recognized the allowance loss for its accounts receivable of $4,425 thousand and $0, respectively. The loss allowance provisions for non-related parties were determined as follows:

	December 31, 2023			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	2,296,382	- %	-
Past due less than 60 days		14,420	- %	-
Past due 61~180 days		12,641	- %	-
Past due over 181 days		-	- %	-
Total	$	2,323,443		-

	December 31, 2022			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	957,643	- %	-
Past due less than 60 days		3,084	- %	-
Past due 61~180 days		64,551	- %	-
Past due over 181 days		-	- %	-
Total	$	1,025,278		-

As of December 31, 2023 and 2022, the accounts receivable from related parties of the Group were mainly derived from the accounts of the parent company amounting to $409,822 thousand and $467,150 thousand, respectively, and other related parties of $1,310,776 thousand and $937,577 thousand, respectively, with overdue days of less than 30 days. Therefore, there were no loss allowance provisions during the duration of the accounts receivable from related parties.

(Continued)

The movement in the allowance for accounts receivables were as follows:

		2023	2022
Balance at January 1	$	-	-
Impairment losses recognized		4,507	-
Foreign exchange gains		(82)	-
Balance at December 31	$	4,425	-

As of December 31, 2023 and 2022, the accounts receivables of the Group had not been pledged as collateral.

The credit and exchange rate risks information of the accounts receivable, please refer to note 6(21).

(4) **Other receivables**

		December 31, 2023	December 31, 2022
Other receivables－proceeds from disposal of property	$	-	2,231,952
Other receivables－related parties		475	557
Others		29,290	43,585
	$	29,765	2,276,094

The amount on the disposal of property in Waipu Dist., Taichung City was recognized as "other receivables—proceeds from disposal of property" . The transaction price has been entrusted to the bank to handle the buying and selling trust of the property, plant and equipment. The disposal of property are described in note 6(7). The amount on the disposal of property mentioned above had been fully received by the trust account as of January 3, 2023.

For further credit risk information, please refers to note 6(21).

(5) **Inventories**

		December 31, 2023	December 31, 2022
Raw materials	$	473,592	487,751
Semi-finished goods		80,342	97,096
Work in progress		100,175	77,613
Finished goods		609,267	230,629
Goods		31,604	45,371
Inventory in transit		23,823	45,721
	$	1,318,803	984,181

(Continued)

Inventory related losses and profits were as follows:

		2023	2022
(Gain) loss on valuation and scrap of inventories	$	(15,094)	18,963
Unallocated fixed manufacturing expenses		211,466	266,498
Disposal gain on scraps		(68,280)	(82,390)
Operating costs	$	128,092	203,071

As of December 31, 2023 and 2022, the inventories of the Group had not been pledged as collateral.

(6) **Investments accounted for using equity method**

The Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2023	December 31, 2022
Associates	$	49,138	257,410

(i) Associates

Associates which are material to the Group consisted of the followings:

			Proportion of shareholding and voting rights	
Name of Associates	Nature of Relationship with the Group	Main operating loca Company	December 31, 2023	December 31, 2022
BriView(L) Corp. (BVLB)	Holding company	Malaysia	-%	29.71%

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRSs financial statements of these associates:

(Continued)

BVLB Company:

	December 31, 2023	December 31, 2022
Current assets	$ -	827,765
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Net assets	$ -	827,765
Net assets attributable to non-controlling interests	$ -	245,929
Net assets attributable to investee company	$ -	581,836

	2023	2022
Operating revenue	$ -	(81,040)
Loss from continuing operations	$ -	(81,218)
Other comprehensive income	41,749	74,417
Total comprehensive income (loss)	$ 41,749	(6,801)
Comprehensive income attributable to non-controlling interests	$ 12,404	(2,020)
Comprehensive income attributable to investee company	$ 29,345	(4,781)

	2023	2022
Share of net assets of associates as of January 1	$ 245,929	247,949
Comprehensive income attributable to the Group	12,404	(2,020)
Share of net assets of associates as of December 31	258,333	245,929
Less: Elimination of unrealized profit on downstream sales	-	-
Less: Disposal of investments using the equity method	(258,333)	-
Carrying amount of associates' equity	$ -	245,929

The registration and legal process of BVLB's liquidation had been completed on September 18, 2023, based on the resolution approved during the Board of Directors on October 12, 2022.

The Group’s financial information for investments accounted for using the equity method that are individually insignificant was as follows:

(Continued)

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	$ 49,138	11,481

(ii) Joint ventures

Roehm Forhouse Optical Polymers Corp. (EFOP) is a company established under the joint venture agreement between the Company and other investor. EFOP is a non-public company and is one of the Group's strategic suppliers who mainly engages in the production of plastic pellet. The Group has the residual equity interest in net value of EFOP; hence, the Group use the equity method in measuring the fair value of EFOP.

The registration and legal process of EFOP's liquidation had been completed on January 25, 2022 and November 7, 2022, respectively, based on the resolution approved during the shareholders' meeting of EFOP on May 27, 2021.

(iii) Guarantee

As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(7) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and Construction	Machinery and Equipment	Others	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	$ 1,195,195	3,070,490	6,496,795	3,272,136	751,583	14,786,199
Additions	-	2,366	65,779	80,336	250,896	399,377
Disposal	-	(1,307)	(274,662)	(650,731)	-	(926,700)
Reclassification and effect of movements in exchange rates	-	(59,552)	752,708	18,741	(905,454)	(193,557)
Balance on December 31, 2023	$ 1,195,195	3,011,997	7,040,620	2,720,482	97,025	14,065,319
Balance on January 1, 2022	$ 2,191,245	3,436,722	7,005,085	3,268,212	126,453	16,027,717
Additions	-	3,149	102,170	155,899	870,133	1,131,351
Disposal	(996,050)	(425,603)	(918,826)	(205,281)	-	(2,545,760)
Reclassification and effect of movements in exchange rates	-	56,222	308,366	53,306	(245,003)	172,891
Balance on December 31, 2022	$ 1,195,195	3,070,490	6,496,795	3,272,136	751,583	14,786,199

(Continued)

		Land	Buildings and Construction	Machinery and Equipment	Others	Construction in progress and testing equipment	Total
Accumulated depreciation:							
Balance on January 1, 2023	$	-	1,439,316	4,721,195	3,052,817	-	9,213,328
Depreciation		-	144,320	623,266	151,966	-	919,552
Disposal		-	(278)	(263,804)	(648,608)	-	(912,690)
Reclassification and effect of movements in exchange rates		-	(41,831)	(91,669)	(50,147)	-	(183,647)
Balance on December 31, 2023	$	-	1,541,527	4,988,988	2,506,028		9,036,543
Balance on January 1, 2022	$	-	1,339,980	4,808,183	3,030,617	-	9,178,780
Depreciation		-	162,764	608,722	187,188	-	958,674
Disposal		-	(86,633)	(753,922)	(202,778)	-	(1,043,333)
Reclassification and effect of movements in exchange rates		-	23,205	58,212	37,790	-	119,207
Balance on December 31, 2022	$	-	1,439,316	4,721,195	3,052,817	-	9,213,328
Carrying amounts:							
Balance on December 31, 2023	$	1,195,195	1,470,470	2,051,632	214,454	97,025	5,028,776
Balance on January 1, 2022	$	2,191,245	2,096,742	2,196,902	237,595	126,453	6,848,937
Balance on December 31, 2022	$	1,195,195	1,631,174	1,775,600	219,319	751,583	5,572,871

(i) Guarantee

As of December 31, 2023 and 2022, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(ii) Impairment loss

The Group performed impairment assessment on property, plant and equipment at its fair price on December 31, 2023 and 2022. After the assessment on December 31, 2023 and 2022, no impairment loss should be mentioned.

(iii) Plant and equipment under construction

The Group has started construction and costs incurred up to December 31, 2023 and 2022. Included in this amount are capitalized borrowing costs related to the acquisition of the land and the construction of the factory of $184 thousand and $138 thousand, calculated using a capitalization rate of 1.50% ~ 2.10% and 0.90% ~ 2.05%, respectively, please refer to note 6(19) for capitalization of interest.

(iv) Disposal

In order to optimize its assets and enhance the effectiveness of its working capital, the Company disposed its property and related facilities in Waipu Dist., Taichung City, at the amount of $880,188 thousand, on December 28, 2022, based on the resolution approved during the board meeting on June 22, 2022.

(8) **Right-of-use assets**

The Group leases land. Information about leases for which the Group as a lessee was presented below:

	Land
Cost:	
Balance at January 1, 2023	$ 230,459
Effect of movement in exchange rate	(2,116)
Balance at December 31, 2023	**$ 228,343**
Balance at January 1, 2022	$ 229,089
Effect of movement in exchange rate	1,370
Balance at December 31, 2022	**$ 230,459**
Accumulated depreciation and impairment losses:	
Balance at January 1, 2023	$ 25,485
Depreciation for the year	6,363
Effect of movement in exchange rate	(272)
Balance at December 31, 2023	**$ 31,576**
Balance at January 1, 2022	$ 19,005
Depreciation for the year	6,381
Effect of movement in exchange rate	99
Balance at December 31, 2022	**$ 25,485**
Carrying amounts：	
Balance at December 31, 2023	**$ 196,767**
Balance at January 1, 2022	**$ 210,084**
Balance at December 31, 2022	**$ 204,974**

As of December 31, 2023 and 2022, the Right-of-use assets of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(Continued)

(9) **Other current assets**

The other current assets of the Group were as follows:

		December 31, 2023	December 31, 2022
Overpaid sales tax	$	31,505	32,634
Tax prepayment		10,652	3,269
Temporary payments		27,365	21,348
Prepayments		8,837	14,849
Other		3,280	77
	$	**81,639**	**72,177**

(10) **Other current liabilities**

The other current liabilities of the Group were as follows:

		December 31, 2023	December 31, 2022
Other advance receipts－return of capital of BVLB	$	-	255,702
Temporary receipts		20,919	16,613
Withholding		13,698	11,411
Other		35,583	42,208
	$	**70,200**	**325,934**

(11) **Long-term borrowings**

The details were as follows:

	December 31, 2023		
	Maturity year		**Amount**
Unsecured bank loans	2025.1~2026.12	$	1,558,080
Unsecured other loans	2024.9		20,843
Secured bank loans	2024.9~2032.4		658,525
Secured other loans	2026.3		691,155
			2,928,603
Less: current portion			(907,211)
Total		**$**	**2,021,392**
Unused long-term credit lines		**$**	**4,722,949**
Range of interest rates			**1.50%~4.00%**

(Continued)

	December 31, 2022		
	Maturity year		**Amount**
Unsecured bank loans	2024.6~2026.12	$	2,446,000
Unsecured other loans	2024.9		21,333
Secured bank loans	2024.9~2032.4		699,344
Secured other loans	2026.3		921,960
			4,088,637
Less: current portion			(300,794)
Total		**$**	**3,787,843**
Unused long-term credit lines		**$**	**3,939,475**
Range of interest rates			**1.375%~4.00%**

For the collateral for long-term borrowings, please refer to note 8.

(12) **Provisions**

		Warranties
Balance at January 1, 2023	$	63,626
Provisions made during the year		27,571
Provisions used during the year		(30,349)
Provisions reversed during the year		-
Effect of change in exchange rate		(546)
Balance at December 31, 2023		60,302
Less: Provisions－current		(45,092)
Provisions－non-current	**$**	**15,210**
Balance at January 1, 2022	$	110,219
Provisions made during the year		24,993
Provisions used during the year		(21,875)
Provisions reversed during the year		(50,000)
Effect of change in exchange rate		289
Balance at December 31, 2022		63,626
Less: Provisions－current		(58,938)
Provisions－non-current	**$**	**4,688**

The provision for warranties during the years ended December 31, 2023 and 2022 is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle most of the liability over the next two years.

(Continued)

(13) **Employee benefits**

The Company set aside $12 thousand and $19 thousand, respectively, of the pension costs under the defined benefit plans for the years ended December 31, 2023 and 2022.

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $26,187 thousand and $27,555 thousand for the years ended December 31, 2023 and 2022, respectively.

Except for the Company, foreign subsidiaries recognized pension expense of $143,118 thousand and $121,599 thousand for the years ended December 31, 2023 and 2022, respectively, for the defined contribution plans based on their respective local government regulations.

(14) **Income taxes**

(i) Income tax (benefit) expense

The Group of income tax (benefit) expense in the years 2023 and 2022 were as follows:

		2023	2022
Current tax expense:			
Current period	$	120,127	44,707
Adjustment for prior periods		17,877	144,594
		138,004	189,301
Deferred tax (benefit) expense：			
Origination and reversal of temporary differences		(274,798)	74,143
Income tax (benefit) expense	**$**	**(136,794)**	**263,444**

The amount of income tax benefit recognized in other comprehensive income for 2023 and 2022 were as follows:

		2023	2022
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	**$**	**(33,145)**	**(2,782)**

(Continued)

Reconciliation of income tax and profit before tax 2023 and 2022 is as follows:

		2023	2022
(Loss) profit before income tax	$	(22,135)	389,108
Income tax using the Company's domestic tax rate	$	(4,427)	77,822
Effect of tax rates in foreign jurisdiction		205,105	(40,808)
Non-deductible expenses		(130,811)	(148,360)
Impact of loss deduction		28,296	220,710
Changes in unrecognized temporary differences		(252,490)	(8,450)
Changes in provision in prior periods		17,877	144,594
Others		(344)	17,936
Total	$	(136,794)	263,444

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2023	December 31, 2022
Deductible temporary differences	$	772	6,060
The carry forward of unused tax losses		571,694	966,101
Investment deduction		12,201	10,001
	$	584,667	982,162

Tax loss carry forwards is utilized in accordance with the relevant jurisdiction tax laws and regulation that allows net losses to offset taxable income. It was not recognized in deferred tax assets because the Group believed that it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss		Unused tax loss	Expiry date
2019 (assessed)	$	74,238	2024~2029
2020 (assessed)		179,734	2025~2030
2021 (assessed)		124,120	2026~2031
2022 (estimated)		69,605	2027~2032
2023 (estimated)		123,997	2028~2033
	$	571,694	

(Continued)

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

		Loss of inventory valuation	Exchange differences on translation of foreign financial statements	Depreciation amortization	Tax losses	Others	Total
Deferred Tax Assets:							
Balance at January 1, 2023	$	42,839	86,163	-	-	9,371	138,373
Recognized in profit (loss)		15,493	-	190,847	32,364	45,787	284,491
Recognized in other comprehensive income (loss)		-	33,145	-	-	-	33,145
Balance at December 31, 2023	**$**	**58,332**	**119,308**	**190,847**	**32,364**	**55,158**	**456,009**
Balance at January 1, 2022	$	41,401	83,381	-	-	23,493	148,275
Recognized in profit (loss)		1,438	-	-	-	(14,122)	(12,684)
Recognized in other comprehensive income (loss)		-	2,782	-	-	-	2,782
Balance at December 31, 2022	$	42,839	86,163	-	-	9,371	138,373

		Recognized foreign investment gains under equity method	Other	Total
Deferred Tax Liabilities:				
Balance at January 1, 2023	$	891,973	3,347	895,320
Recognized in profit (loss)		10,074	(381)	9,693
Balance at December 31, 2023	**$**	**902,047**	**2,966**	**905,013**
Balance at January 1, 2022	$	830,628	3,233	833,861
Recognized in profit (loss)		61,345	114	61,459
Balance at December 31, 2022	**$**	**891,973**	**3,347**	**895,320**

(iii) Assessment of tax

The Company’s tax returns for the years through 2021 were assessed by the tax authorities.

(15) **Capital and other equity**

As of December 31, 2023 and 2022, the Company's authorized common stock, with par value of $10 per share, all amounted to $8,500,000 thousand, and the outstanding ordinary shares both amounted to $6,655,551 thousand.

(Continued)

(i) Capital Surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Capital premium (Including merger and premium)	$ 1,772,216	1,772,216
Treasury shares transactions	177,139	177,139
Changes in equity of associates and joint ventures accounted for using the equity method	882,894	882,890
Employee share options	5,193	5,193
	$ 2,837,442	2,837,438

According to the R.O.C. Company Act, capital surplus may be used to offset accumulated deficits first, and only the realized capital surplus can be distributed by issuing common stock as stock dividends or by cash according to the proportion of shareholders'. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of paid-in capital.

(ii) Retained earnings

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid in capital. Certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulations or as requested by the competent authority. If there is still remaining earning, it shall be combined with the accumulated undistributed earnings for the Board of Directors to prepare an earnings distribution proposal in order to execute the distribution thereof through resolution according to the laws. Dividend distribution in the form of shares in whole or in part shall be approved by the shareholders' meeting. Dividend distribution in the form of cash shall be approved by the Board of Directors and a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, and taking into account the shareholders' interest, maintenance of a balanced dividend and the Company's long term financial plan. The shareholders' dividend distribution ratio, in principle, could be zero percent to eighty percent of the distributable earnings. The ratio of the cash dividends paid shall not be less than thirty percent of the total amount of the cash and stock dividends paid in the current year.

(Continued)

1) Legal reserve

Legal reserve can be used to offset accumulated deficits. When the company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, and only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

In accordance with Ruling by the FSC, a portion of the current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during the earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of the undistributed prior period earnings shall be reclassified as special earnings reserve to account for cumulative changes in other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amount of cash dividends of the Group in 2022 earnings distribution project resolved by the Board of Directors on April 25, 2023 and other surplus distribution of 2022 based on the resolution approved during shareholders' meeting held on June 14, 2023 are as follows:

	Earnings distribution	Dividend per share
Legal reserve	$ 12,566	
Special reserve	11,128	
Cash dividends	101,970	0.15321
	$ 125,664	

The capital surplus — changes in equity of associates and joint ventures accounted for using equity method amounting to $649,231 thousand was used to offset against the accumulated deficits in 2021 based on the resolution approved during the shareholders' meeting held on June 15, 2022.

(Continued)

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	$ (1,083,629)	(2,500)	(1,086,129)
Exchange differences on foreign operations	(154,221)	-	(154,221)
Cumulative gains (losses) reclassified to profit or loss on disposal of foreign operations	(11,470)	-	(11,470)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	13,830	13,830
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(11,330)	(11,330)
Related tax	33,145	-	33,145
Balance at December 31, 2023	**$ (1,216,175)**	**-**	**(1,216,175)**
Balance at January 1, 2022	$ (1,072,501)	(2,500)	(1,075,001)
Exchange differences on foreign operations	(13,910)	-	(13,910)
Related tax	2,782	-	2,782
Balance at December 31, 2022	**$ (1,083,629)**	**(2,500)**	**(1,086,129)**

(16) **Earnings per share**

The calculation of basic earnings per share and diluted earnings per share in 2023 and 2022 were as follows:

	2023	2022
Basic earnings per share		
Profit of the Company for the year	**$ 114,659**	**125,664**
Weighted average number of outstanding ordinary shares (in thousands)	**665,555**	**665,555**
Basic earnings per share (in dollars)	**$ 0.17**	**0.19**

	2023	2022
Diluted earnings per share		
Profit of the Company for the year	**$ 114,659**	**125,664**
Weighted-average number of outstanding ordinary shares (in thousands)	**665,555**	**665,555**
Effect of dilutive potential common shares		
Effect of employee share bonus	**836**	**1,795**
Weightier-average number of ordinary shares (in thousands) (diluted)	**666,391**	**667,350**
Diluted earnings per share (in dollars)	**$ 0.17**	**0.19**

(Continued)

(17) **Revenue from contracts with customers**

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets			
Korea	$	8,910,516	7,249,466
China		4,816,027	3,216,745
Taiwan		3,970,873	3,695,854
Japan		60,752	105,000
Other		11,814	198,525
	$	17,769,982	14,465,590
Major products			
LCD TV and module foundry	$	13,258,901	10,894,224
Optoelectronic technology products and peripheral components		4,511,081	3,571,366
	$	17,769,982	14,465,590

(ii) Contract balances

		December 31, 2023	December 31, 2022
Contract liabilities	$	11,774	54,011

For details on accounts receivable and allowance for impairment, please refer to note 6(3).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $35,028 thousand and $59,157 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the optoelectronics technology sales contracts, for which revenue is recognized when products are delivered to customers.

(iii) Transaction price allocated to the remaining performance obligations

The Group recognizes revenue related to optoelectronic technology products and peripheral components in the amount to which the Group has a right to invoice, thus the Group applies the practical expedient of IFRS and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(Continued)

(18) **Employee compensation and directors' and supervisors' remuneration**

In accordance with the Company's Articles of Incorporation, where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 1% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain specific qualifications.

For the year ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $8,873 thousand and $15,814 thousand, and directors' remuneration amounting to $887 thousand and $1,581 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Board of Directors. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day preceding the Board of Directors' meeting. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(19) **Non-operating income and expenses**

(i) Interest income

The details of the interest income for the years 2023 and 2022 were as follows:

	2023	2022
Interest income－bank deposits	$ 160,050	106,276
Other interest income	43,823	13,088
	$ 203,873	**119,364**

(Continued)

(ii) Other income

The details of other income for the years 2023 and 2022 were as follows:

	2023	2022
Rent income	$ 5,853	4,362
Subsidy	60,039	44,027
Dividends	178	1,939
Others	49,751	95,869
	$ 115,821	146,197

(iii) Other gains and losses

The details of other gains and losses for the years 2023 and 2022 were as follows:

	2023	2022
Gain on disposal of investments	$ 41,567	148,620
Gain on disposals of property, plant and equipment	8,964	1,036,920
Loss from the financial assets (liabilities) at fair value through profit or loss	(16,704)	(80,068)
Foreign exchange (losses) gains	(36,953)	226,581
Others	(4,896)	(1,302)
	$ (8,022)	1,330,751

(iv) Finance costs

The details of finance costs for the years 2023 and 2022 were as follows:

	2023	2022
Interest expense	$ 57,388	45,455
Less: capitalization of interest	(184)	(138)
	$ 57,204	45,317

(20) **Financial Instruments**

1) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity instruments do not have quoted price in active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

(Continued)

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss					
Derivative financial assets	$ 11,864	-	11,864	-	11,864
Financial assets at fair value through other comprehensive income					
Stocks in non-listed companies	58,331	-	-	58,331	58,331
Financial assets measured at amortized cost					
Cash and cash equivalents	5,332,533	-	-	-	-
Trade receivables (Including related parties)	4,073,806	-	-	-	-
Financial asset at amortized cost－current	562,333	-	-	-	-
Financial asset at amortized cost－non-current	356,567	-	-	-	-
Other financial assets－time deposit	691,155	-	-	-	-
Other financial assets－refundable deposit	3,585	-	-	-	-
Subtotal	11,019,979	-	-	-	-
Total	**$ 11,090,174**				
Financial liabilities measured at amortized cost					
Trade payables (Including related parties)	$ 4,142,964	-	-	-	-
Long-term borrowings (Including due within one year)	2,928,603	-	-	-	-
Other non-current liabilities－deposits received	13,322	-	-	-	-
Total	**$ 7,084,889**				

(Continued)

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss					
Derivative financial assets	$ 9,752	-	9,752	-	9,752
Financial assets at fair value through other comprehensive income					
Stocks in non-listed companies	98,263	-	-	98,263	98,263
Financial assets measured at amortized cost					
Cash and cash equivalents	4,058,322	-	-	-	-
Trade receivables (Including related parties)	4,706,099	-	-	-	-
Financial asset at amortized cost－non-current	1,142,218	-	-	-	-
Other financial assets－time deposit	921,960	-	-	-	-
Other financial assets－refundable deposits	3,281	-	-	-	-
Subtotal	10,831,880	-	-	-	-
Total	$ 10,939,895				
Financial liabilities measured at amortized cost					
Trade payables (Including related parties)	$ 2,661,511	-	-	-	-
Long-term borrowings (Including due within one year)	4,088,637	-	-	-	-
Other non-current liabilities－deposits received	14,245	-	-	-	-
Total	$ 6,764,393				

2) Valuation techniques of financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial assets and liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

For domestic and foreign time deposits, their fair value approximate to their carrying amount.

Fair value of long-term borrowings, which approximates to its carrying value is determined by discounting the expected cash flows at a market interest rate.

(Continued)

The refundable deposits and deposits received are based on carrying amount as there is no fixed maturity.

3) Valuation techniques of financial instruments measured at fair value

Fair value of forward currency is measured based on the maturity date of each contract with quoted spot rate and quoted swap points from bank quote system.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2023 and 2022.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value is "financial assets measured at fair value through other comprehensive income – equity investments".

The Group's equity investments without an active market that use Level 3 inputs to measure fair value has a complex significant unobservable inputs. The significant unobservable inputs are not interrelated because they are independent of each other.

For some equity investment instruments held by the Group that do not have active market quotations and are not for short term trading purposes, the management obtains the recent financial report of the investee company, evaluates the development of the industry and reviews the publicly available information; thereafter, inspects it accordingly to evaluate the operating risk and future operating performance of the investee company to assess the fair value of the investee company. Generally, changes in the industry and market prospects are highly positively correlated with changes in the operations and future performance of the investee company.

Quantified information of significant unobservable inputs was as follows:

Item	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets at fair value through other comprehensive income－equity investments without an active market	Market method	• Price-Earnings ratio（As of December 31, 2023 and 2022 were 11.65~20.75 and 7.57~23.38, respectively) • Price-Book Ratio（As of December 31, 2023 and 2022 were 3.065 and 1.92, respectively.) • Discount for lack of marketability（As of December 31, 2023 and 2022 were both 20%）	The estimated fair value would increase (decrease) if: • the price-earnings ratio growth rate was higher (lower); • the Price-Book Ratio was higher (lower); or • the degree of lack of marketability were lower (higher).

(Continued)

(21) **Financial risk management**

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks.

For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group’s finance management department provides business services for the overall internal department. It coordinates and accesses to domestic and international financial market operations. Besides, the department also supervises and manages the financial risks related to the Group's operations by analyzing the internal risk assessment of exposures according to the degree and breadth of risks. The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Group’s policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue to review the amount of the risk exposure in accordance with the Group’s policies and the risk management's policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and financial assets.

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2023 and 2022, the maximum amount exposed to credit risk were $11,090,174 thousand and $10,939,895 thousand, respectively.

(Continued)

1) Trade and other receivables

The Group established a credit policy to obtain the necessary collateral or take out account receivable insurance to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers.

The major customers of the Group are centralized in the LCD optoelectronic products industry. To minimize credit risk, the Group periodically evaluates its financial positions and the possibility of collecting trade receivables. Besides, the Group monitors and reviews the recoverable amounts of the trade receivables to ensure the uncollectible amounts are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 69% and 64%, respectively, of accounts receivable were derived from three major customers. Thus, the credit risk is significantly centralized. The Group continuously evaluates its customer's financial position and actual collection situation, and, if necessary, the Group flexibly uses credit protection tools such as prepayment, accounts receivable factoring, credit insurance, or requires the customer to provide collateral or guarantees to reduce the customer's credit risk.

For credit risk exposure of accounts receivable, please refer to note 6(3). Other financial assets at amortized cost held by the Group is time deposits. The Group only deals financial institutions with good credit rating, so these financial assets are considered to have low risk, please refer to note 6(2).

Other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. There were no impairment provisions on other receivables for the years ended December 31, 2023 and 2022. For related information, please refer to note 6(4).

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Group’s finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparties above fail to meet its obligation hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group’s policy is to provide financial guarantees only to company with business dealings, company that the group directly or indirectly held more than 50% of the voting rights, and company that directly or indirectly hold more than 50% of the voting rights in the Group. At December 31, 2023 and 2022, there were intercompanies guarantees only, please refer to note 13(1)2. to get guarantees information.

(Continued)

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2023 and 2022, the Group's unused credit line were amounted to $6,834,965 thousand and $6,052,972 thousand, respectively.

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	over 5 years
Balance at December 31, 2023						
Non-derivative financial liabilities						
Long-term borrowings (Including due within one year)	$ 2,928,603	3,000,720	950,415	1,720,229	221,302	108,774
Accounts payable and other payables (Including related-party)	4,142,964	4,142,964	4,142,964	-	-	-
Deposits received	13,322	13,322	-	13,322	-	-
	$ 7,084,889	7,157,006	5,093,379	1,733,551	221,302	108,774
Balance at December 31, 2022						
Non-derivative financial liabilities						
Long-term borrowings (Including due within one year)	$ 4,088,637	4,215,390	310,449	2,810,020	952,835	142,086
Accounts payable and other payables (Including related-party)	2,661,511	2,661,511	2,661,511	-	-	-
Deposits received	14,245	14,245	-	14,245	-	-
	$ 6,764,393	6,891,146	2,971,960	2,824,265	952,835	142,086

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, Japanese Yen (JPY) and CNY.

(A) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

		December 31, 2023			December 31, 2022		
		Foreign Currency	**Exchange Rates**	**New Taiwan Dollars**	**Foreign Currency**	**Exchange Rates**	**New Taiwan Dollars**
Financial Assets							
Monetary items							
USD	$	219,288	30.718	6,736,089	147,697	30.732	4,539,024
Non-Monetary items							
USD		-	30.718	-	8,002	30.732	245,917
Financial Liabilities							
Monetary items							
USD		131,066	30.718	4,026,086	111,760	30.732	3,434,608

(B) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, other financial assets, borrowings, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) 1% of the NTD against the USD as of December 31, 2023 and 2022 would have increased (decreased) the net (loss) profit before tax by $27,100 thousand and $11,044 thousand, respectively, with all other variable factors remaining constant. The analysis is performed on the same basis for both periods.

(C) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. In 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to ($36,953) thousand and $226,581 thousand, respectively.

2) Interest rate risk

The Group manages interest rate risk by maintaining a portfolio of appropriate floating interest rates. The Group evaluates hedging activities to make them consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

(Continued)

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when internally reporting to the management, who also represents the Group's assessment on the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Group's (loss) profit before income tax would have increased / decreased by $9,103 thousand and decreased / increased by $13,700 thousand for the year ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(22) **Capital management**

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of 31 December 2023, the Group's capital management strategy is consistent with the prior year as of 31 December 2022 to ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as of 31 December 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 9,003,624	8,855,096
Less: cash and cash equivalents	(5,332,533)	(4,058,322)
Net debt	3,671,091	4,796,774
Total equity	9,221,771	9,327,794
Total assets	$ 12,892,862	14,124,568
Debt-to-equity ratio at 31 December	**28.47%**	**33.96%**

(Continued)

(23) **Investing and financing activities not affecting current cash flow**

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes: Foreign exchange movement	December 31, 2023
Long-term borrowings	$ 4,088,637	(1,155,191)	(4,843)	2,928,603
Total liabilities from financing activities	**$ 4,088,637**	**(1,155,191)**	**(4,843)**	**2,928,603**

	January 1, 2022	Cash flows	Non-cash changes: Foreign exchange movement	December 31, 2022
Short-term borrowings	$ 43,324	(43,920)	596	-
Long-term borrowings	3,730,137	358,500	-	4,088,637
Total liabilities from financing activities	**$ 3,773,461**	**314,580**	**596**	**4,088,637**

7. Related-party transactions:

(1) **Parent company and ultimate controlling company**

AUO Corporation is both the parent company and the ultimate controlling party of the Group. It has issued the consolidated financial statements available for public use.

(2) **Names and relationship with related parties**

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
AUO Corporation (AUO)	Ultimate parent company
AUO Display Plus Corporation (ADPHQ)	Subsidiary of AUO
Star River Energy Corp. (SREC)	Subsidiary of AUO
Space Money Inc. (S4M)	Subsidiary of AUO
Da Ping Green Energy Corporation (DPGE)	Subsidiary of AUO
Sanda Materials Corporation (SDMC)	Grandson of AUO
AUO MegaInsight (Suzhou) Corp., Ltd (AMISZ)	Grandson of AUO
AUO MegaInsight (Xiamen) Corp., Ltd (AMIXM)	Grandson of AUO
AUO (Suzhou) Co., Ltd. (AUOSZ)	Grandson of AUO
AUO (Xiamen) Co., Ltd. (AUOXM)	Grandson of AUO
AUO (Kunshan) Co., Ltd. (AUOKS)	Grandson of AUO
Aedgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ)	Grandson of AUO
Yo-Pei Water Corporation (AET-YP)	Grandson of AUO
Feng Yao Power Corporation (FYPC)	Grandson of AUO
Zheng Yao Power Corporation (ZYPC)	Grandson of AUO

(Continued)

Name of related party	Relationship with the Group
AUO Digitech (Suzhou) Co., Ltd. (ADTSZ)	Grandson of AUO
AUO Education Service Corp. (AUES)	Grandson of AUO
AUO Display Plus Technology (Suzhou) Co., Ltd. (ADPSZ)	Grandson of AUO
Darwin Summit Corporation Ltd. (DSC)	An Associate
BriView (L) Corp. (BVLB)	An Associate(Note 1)
Partner Tech Corp. (PTT)	Other related parties
Webest Solution Corp. (WEBEST)	Other related parties
ChampionGen Power Corporation (CGPC)	Other related parties
Transnet Corporation (Transnet)	Other related parties
Qisda Corporation (Qisda)	Other related parties
Qisda (Suzhou) Co., Ltd. (QCSZ)	Other related parties
Qisda Electronics (Suzhou) Co., Ltd. (QCES)	Other related parties
Qisda Optronics (Suzhou) Co., Ltd (QCOS)	Other related parties
Lextar Electronics Corporation (Lextar)	Other related parties
Sheng He Power Corporation (SHPC)	Other related parties
Sheng Yao Power Corporation (SYPC)	Other related parties
Sheng Li Energy Corporation (SLEC)	Other related parties
Metaguru Corporation (Metaguru)	Other related parties
BenQ Asia Pacific Corp. (BQP)	Other related parties
BenQ Materials Corp. (BMC)	Other related parties
BenQ Material (Suzhou) Co., Ltd. (BMS)	Other related parties
BenQ Co., Ltd. (BQC)	Other related parties (Note 2)
BenQ Logistic (Shanhai) Co., Ltd. (BQls)	Other related parties
BenQ Healthcare Corporation (BHS)	Other related parties
Star Shining Energy Corporation (SSEC)	Other related parties
He Shuo Agricultural Biotech Corporation (HSNC)	Other related parties
DFI Inc. (DFI)	Other related parties
TronGen Power Corporation (TGPC)	Other related parties
Fargen Power Corporation (FGPC)	Other related parties
Data Image Corporation (DIC)	Other related parties
Lextar Electronics (ChuZhou) Corp. (LECZ)	Other related parties
Ri Ji Power Corporation (RJPC)	Other related parties
Ri Jing Power Corporation (RGPC)	Other related parties
Mao Zheng Energy Corporation (MZEC)	Other related parties
Mao Xin Energy Corporation (MXEC)	Other related parties
Adlink Technology Inc. (ADLINK)	Other related parties
Adlink Technology (China) Co., Ltd. (ADLINKCN)	Other related parties
Yenrich Technology Corporation (Yenrich)	Other related parties
Shin Sheng Feng Investment Corp. (SSFI)	Other related parties

(Continued)

Name of related party	Relationship with the Group
Sheng Da Power Corporation (SDPC)	Other related parties
WiBase Industrial Solutions Inc. (WIS)	Other related parties(Note 3)
BriView (Hefei) Co., Ltd. (BVHF)	Other related parties(Note 4)

Note1 : BriView (L) Corp. was approved for dissolution on September 2023. For relevant information, please refer to Note 6 (6).

Note2 : BenQ Co., Ltd. was no longer a related party beginning from September 2022.

Note3 : WiBase Industrial Solutions Inc. was no longer a related party beginning from June 2023.

Note4 : The disposal of BriView (Hefei) Co., Ltd. had been completed on July 1, 2022.

(3) **Significant transactions with related parties**

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	2023	2022
Ultimate parent company－AUO	$ 2,780,342	2,662,674
Associates	4,421	6,804
Other related parties:		
AUOXM	1,665,160	1,267,569
AUOSZ	1,418,424	1,027,941
Others	680,147	357,108
	$ 6,548,494	**5,322,096**

The sales price of the Group to its related parties is not comparable to other clients due to the differences in the sales of the goods. The credit terms for sales to related parties were 30 to 120 days from the end of the month. The credit terms were no different from those given by other clients.

(Continued)

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

		2023	2022
Ultimate parent company－AUO	$	3,940	5,535
Other related parties:			
Lextar		391,248	280,312
ADPHQ		116,344	97,084
Others		131	689
	$	**511,663**	**383,620**

The purchase price offered by the Group to its related parties is not comparable to other vendors due to the differences in the purchases of the goods. The payments terms for purchases from related parties were 30 to 120 days. The payment terms were no different from those given by other vendors.

(iii) Receivables from Related Parties

The details of the Group's accounts receivable from related parties were as follows:

Account	Relationship		December 31, 2023	December 31, 2022
Accounts receivables	Ultimate parent company－AUO	$	409,822	467,150
Accounts receivables	Associates parties		-	5,109
Accounts receivables	Other related parties:			
	AUOXM		549,411	477,871
	AUOSZ		472,080	357,947
	Others		289,285	96,650
Other receivables	Other related parties		475	557
		$	**1,721,073**	**1,405,284**

(Continued)

(iv) Payables to Related Parties

The details of the Group's payment to related parties were as follows:

Account	**Relationship**	**December 31, 2023**	**December 31, 2022**
Accounts payables	Ultimate parent company－AUO	$ 80	24
Accounts payables	Other related parties:		
	Lextar	122,978	83,959
	ADPHQ	23,017	8,999
	Others	53	1,131
Other payables	Ultimate parent company－AUO	3	415
Other payables	Other related parties	18,101	14,575
		$ 164,232	**109,103**

(v) Other current liabilities

The Group’s other current liabilities were as follows:

Account	**Relationship**	**December 31, 2023**	**December 31, 2022**
Other current liabilities	An Associate－BVLB	**$ -**	**255,702**

The above transactions were mainly due to the Group's advance receipt deriving from the return of capital from an associate. For relevant information, please refer to Note 6 (10).

(vi) Contract liabilities

The detail of the Group's contract liabilities were as follows:

Account	**Relationship**	**December 31, 2023**	**December 31, 2022**
Contract liabilities	Ultimate parent company－AUO	$ 364	3,679
	Other related parties:		
	ADPHQ	710	11,330
		$ 1,074	**15,009**

The relevant information, please refer to Note 6(17).

(Continued)

(vii) Other transactions with related parties

	Amounts 2023	2022
Ultimate parent company－AUO－other expenses, etc.	$ 3,357	5,083
Other related parties－Other expenses, etc.	10,671	7,478
Ultimate parent company－AUO－other income, etc.	11,048	5,525
Other related parties－other income, etc.	1,030	4,551

All outstanding balances with these related parties should be settled in cash within three months of the reporting date, and the general fee payment is deemed to be the current month's payment. Its transaction price is not significantly different from ordinary transactions.

(viii) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

Relationship	2023	2022
Other related parties	$ 4,731	5,879

For the above-mentioned purchases of other equipment from related parties, the unpaid balance of the Group were $561 thousand and $0 as of December 31, 2023 and 2022, respectively,which recorded under other payables to related parties. For detailed information on property, plant and equipment, please refer to Note 6 (7).

(ix) Leases

1) Rental expenses

The details of the rental expenses incurred by the Group for renting workshops, dormitories, and transportation equipment from related parties in the 2023 and 2022 were as follows:

	2023	2022
Ultimate parent company－AUO	$ 1,103	1,013
Other related parties:		
AUOXM	3,169	3,095
AUOSZ	1,676	1,633
Other	508	193
	$ 6,456	5,934

(Continued)

The payment terms of the Group for renting workshops, dormitories and transportation equipment to related parties are mainly one or three months in one installment, with payment before the 25th of the following month. There was no significant difference between the transaction price and the general price.

2) Rental income

The details of the rental income generated by the Group from renting out dormitories and office to related parties in 2023 and 2022 were as follows:

		2023	2022
Other related parties－AUOXM	$	2,113	2,735
Other related parties－Other		602	931
	$	2,715	3,666

The Group leases its dormitories to related with monthly lease payment. In addition, the Group leases its office to related parties with quarterly lease payment.

(4) **Key management personnel compensation**

Key management personnel compensation comprised the following:

		2023	2022
Short-term employee benefits	$	42,078	41,369
Post-employment benefits		315	243
Other long-term benefits		-	-
Termination benefits		-	-
Share-based payments		-	-
	$	42,393	41,612

8. Pledged assets:

The carrying values of pledged assets were as follow:

Pledged assets	Object		December 31, 2023	December 31, 2022
Land	Guarantee for Bank Loan	$	909,333	909,333
Building	Guarantee for Bank Loan		1,289,969	1,406,592
Right-of-use asset	Guarantee for Bank Loan		73,940	77,820
Other financial assets - restricted bank deposits	Guarantee for Bank Loan (Note 1)		691,155	921,960
		$	2,964,397	3,315,705

Note1 : Time deposits that were used to pledge to the banks for the issuance of secured letters of credit as security for other borrowings were recognized as other financial assets restricted bank deposits. Please refer to Note 6 (11) for information on other disclosures of borrowing, and Note 9 for the disclosures of opened and unused letters of credit.

(Continued)

9. Commitments and contingencies:

(1) Unrecognized contractual commitments

The Group's unrecognized contractual commitments were as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 237,325	304,545

(2) Outstanding standby letter of credit

	December 31, 2023	December 31, 2022
Outstanding standby letter of credit	$ 694,433	925,760

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By function / By nature	For the year ended December 31					
	2023			2022		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	1,881,560	556,399	2,437,959	1,843,296	543,324	2,386,620
Labor and health insurance	17,993	33,923	51,916	21,457	33,287	54,744
Pension	139,860	29,457	169,317	120,408	28,764	149,172
Remuneration of directors	-	11,327	11,327	-	11,961	11,961
Others	231,440	25,558	256,998	241,275	30,324	271,599
Depreciation	845,569	80,346	925,915	852,413	112,642	965,055
Amortization	-	-	-	-	-	-

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: Please refer to Table 1 attached.

(ii) Guarantees and endorsements for other parties: Please refer to Table 2 attached.

(Continued)

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3 attached.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 4 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 5 attached.

(ix) Trading in derivative instruments: Please refer to Note 6(2).

(x) Business relationships and significant intercompany transactions: Please refer to Table 6 attached.

(2) Re-investment business related information: Please refer to Table 7 attached.

(3) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 8 attached.

(ii) Limitation on investment in Mainland China: Please refer to Table 8 attached.

(iii) Significant transactions: None.

(4) Major shareholders:

Shareholding / Shareholder's name	Shares	Percentage
AUO Corporation	190,107,961	28.56%
Konly Venture Corp.	42,598,076	6.40%
Ronly Venture Corp.	40,509,046	6.08%

(Continued)

14. Segment information:

(1) General information

The reportable department of the Group is only the Optoelectronics Technology Department, which is engaged in the design, manufacturing and sales of LCD modules, backlight modules, LCD TVs and related components.

(2) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 “significant accounting policies.

(3) Product and service information: Please refer to note 6(17).

(4) Geographic information: Please refer to note 6(17).

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

Geographical information	**2023**	**2022**
Non-current assets:		
Taiwan	$ 2,352,338	2,539,935
China	2,877,294	3,250,919
Total	**$ 5,229,632**	**5,790,854**

Non-current assets include property, plant and equipment, right-of-use assets and other assets, not including financial instruments, deferred tax assets and pension fund assets.

(5) Major customers

	2023	**2022**
A customer	$ 8,910,516	7,249,466
B customer	2,780,342	2,662,674
	$ 11,690,858	**9,912,140**

DARWIN PRECISIONS CORPORATION And Subsidiaries

Financings Provided

For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related party	Maximum the Balance for the Period	Ending balance (Note 3)	Amount Actually Drawn Down (Note 3)	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Limits on Financing Company's Total Financing Amount (Note 3)
													Item	Value		
1	FPWJ	FTWJ	Other receivables from related parties	Yes	444,850	431,520	215,760 (Note 2)	Adjusted by base lending rate of LPR of China	Needs for short-term financing	-	Operating capital	-	-	-	738,687 (Note 1)	738,687 (Note 1)

Note1: The limit amount for lending to a company shall not exceed the net worth of the lending company. The total amount for lending shall not exceed the net worth of the lending company.

Note2: All inter-company transactions among the Group have been eliminated in the consolidated financial statements.

Note3: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

DARWIN PRECISIONS CORPORATION And Subsidiaries

Endorsements/Guarantees Provided

For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 2

NO.	Endorser / Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
1	FPWJ	FTWJ	4	295,475	222,425	-	-	-	- %	295,475	NO	NO	YES

Note 1：The relationship between the endorser / guarantor and the guaranteed party:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2：The maximum endorsement/guarantee balance for the period represents the highest amount in New Taiwan Dollar announced or occurred during the period.

Note 3：The ending balance represents the amounts approved by the Board of Directors.

Note 4：Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5：The policy for the limit of total endorsement/guarantee amount and the limit on endorsement/guarantee amount provided to each party are prescribed as follows:

FPWJ ：The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of the net worth of the endorser/guarantor as stated in its latest financial statement.

DARWIN PRECISIONS CORPORATION And Subsidiaries

Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)

December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, shares in thousands)

Table 3

Name of holder	Type and name of security	Relationship with the Securities Issuer	Financial Statement Account	Ending balance				Maximum Percentage of ownership for the period	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
The Company	Stock-D8AI INC.	-	Financial assets at fair value through other comprehensive profit and loss－non-current	8,400	11,149	4.64%	11,149	4.91%	
The Company	Stock-DISIGN Incorporated	-	Financial assets at fair value through other comprehensive profit and loss－non-current	2	10,714	19.89%	10,714	19.89%	
The Company	STOCK-HUAI I PRECISION TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive profit and loss－non-current	2,914	34,968	10.00%	34,968	10.00%	
The Company	STOCK-EVERTRUST TECHNOLOGY LTD.	-	Financial assets at fair value through other comprehensive profit and loss－non-current	150	1,500	16.13%	1,500	16.13%	

All marketable securities had not been pledged as collateral for borrowings, guarantees and others which restricted by agreement.

DARWIN PRECISIONS CORPORATION And Subsidiaries

Disposal of Individual Real Estate with Costs Exceeding NT$300 Million or 20% of the Paid-in Capital

For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 4

Company Name	Counter party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 2)	Credit Terms (Note 2)	Ending Balance	Percentage of Total Notes /Accounts Receivable (Payable)	
The Company	DPXM	Grandson of DPLB	Purchases	1,777,682	22%	EOM 90 Days		-	(472,779)	(21)%	Note 1
〃	FTWJ	Grandson of FHVI	〃	4,805,636	60%	EOM 90 Days		-	(1,607,699)	(70)%	〃
FTWJ	Lextar	Substantive related party	〃	CNY 84,784	13%	EOM 120 Days		-	CNY (26,457)	(4)%	
The Company	AUO	Ultimate Parent company	Sales	(2,780,342)	(35)%	EOM 60 Days		-	409,822	19%	
〃	AUOSZ	Grandson of AUO	〃	(1,418,307)	(18)%	EOM 120 Days		-	472,024	22%	
〃	AUOXM	Grandson of AUO	〃	(1,511,810)	(19)%	EOM 120 Days		-	480,463	22%	
〃	AUOKS	Grandson of AUO	〃	(584,857)	(7)%	EOM 120 Days		-	279,949	13%	
DPXM	AUOXM	Grandson of AUO	〃	CNY (34,894)	(1)%	EOM 120 Days		-	CNY 15,978	3%	
〃	The Company	Parent company	〃	CNY (403,409)	(15)%	EOM 90 Days		-	CNY 109,095	19%	Note 1
FTWJ	The Company	Parent company	〃	CNY (1,090,013)	(99)%	EOM 90 Days		-	CNY 370,847	100%	〃

Note 1：All inter-company transactions among the company and its subsidiaries have been eliminated in the consolidated financial statements.

Note 2：Transaction terms with related parties were similar to those with third parties. Except for those particular transactions with no similar transactions to compare with, their transaction terms were determined based on mutual agreements.

DARWIN PRECISIONS CORPORATION And Subsidiaries

Receivables from Related Parties with Amounts Exceeding NT$100 Million or 20% of the Paid-in Capital

December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Counter party	Relationship	Ending Balance of Receivables (Note 1,2)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	AUO	Ultimate parent company	409,822	6.34	25,328	Continuous collection	-	-
〃	AUOSZ	Grandson of AUO	472,024	3.42	-	-	-	-
〃	AUOXM	Grandson of AUO	480,463	3.46	-	-	-	-
〃	AUOKS	Grandson of AUO	279,949	3.20	-	-	-	-
〃	FTWJ	Grandson of the FHVI	1,405,622	Note 1	-	-	489,370	-
DPXM	The Company	Parent company	CNY 116,305	Note 1	-	-	-	-
FTWJ	The Company	Parent company	CNY 792,917	Note 1	-	-	CNY 219,941	-
FPWJ	FTWJ	Grandson of the FHVI	CNY 50,648	Note 1	-	-	-	-

Note1：Including other receivables from transactions not related to ordinary sales.

Note2：All inter-company transactions among the Company and its subsidiaries have been eliminated in the consolidated financial statements.

DARWIN PRECISIONS CORPORATION And Subsidiaries

Business Relationship and Significant Intercompany Transactions

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Transactions				
				Financial Statement Account	Amount (Note 2 and 3)		Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
1	DPXM	The Company	2	Net revenue	CNY	403,409	No significant difference	10%
2	FTWJ	The Company	2	Net revenue	CNY	1,090,013	〃	27%
0	The Company	FTWJ	1	Accounts receivable		1,405,622	〃	8%
1	DPXM	The Company	2	Accounts receivable	CNY	116,305	〃	3%
2	FTWJ	The Company	2	Accounts receivable	CNY	792,917	〃	19%
3	FPWJ	FTWJ	3	Accounts receivable	CNY	50,648	〃	1%

Note1：Transactions labeled as follows:

1. Represents the transactions form parent company to subsidiaries.
2. Represents the transactions from subsidiaries to parent company.
3. Represents the transactions between subsidiaries.

Note2：This table discloses the information on inter-company sales and receivables which are accounted for 1% or more of the consolidated net revenue or the consolidated total assets, respectively.

Note3：All inter-company transactions have been eliminated in the consolidated financial statements.

DARWIN PRECISIONS CORPORATION And Subsidiaries

Information on Investees (Excluding Information on Investment in Mainland China)

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 7

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Percentage of ownership during the year	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount				
The Company	DPLB	Malaysia	Holding company	3,877,666	4,350,631	76,846	100.00%	4,683,810	100.00%	786,298	798,676	Subsidiary (Note 2)
"	FHVI	BVI	"	2,362,321	2,362,321	22,006	100.00%	1,983,341	100.00%	92,960	91,817	Subsidiary (Note 1)
"	FFMI	Mauritius	"	274,700	274,700	653	100.00%	123,788	100.00%	10,083	9,913	Subsidiary (Note 1)
"	BVLB	Malaysia	"	-	1,051,289	-	- %	-	29.71%	-	-	Associate
"	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00%	12,462	40.00%	2,165	866	Associate
"	Shine Biomedical Technology Corporation	R.O.C.	Development, design, manufacture and trading of facial masks and cosmetics	36,720	-	3,672	34.00%	36,676	40.00%	(130)	(48)	Associate
DPLB	DPHK	Hong Kong	Holding company	USD 87,785	USD 103,785	10	100.00%	USD 154,088	100.00%	USD 25,218	USD 25,218	Subsidiary (Note 3)
FHVI	FTMI	Mauritius	"	USD 6,503	USD 6,503	6,503	100.00%	USD 49,944	100.00%	USD 2,415	USD 2,415	Subsidiary
"	FWSA	Samoa	"	USD 19,000	USD 19,000	19,000	100.00%	USD 16,104	100.00%	USD 567	USD 567	Subsidiary

Note 1：The difference is the amortization of the difference between the investment cost and the net equity value.

Note 2：The difference is the amortization of the difference between the upstream unrealized gross profit and the investment cost and the net equity value.

Note 3：The registration of the alteration of DPHK's common stock has not been completed.

DARWIN PRECISIONS CORPORATION And Subsidiaries
Information on Investment in Mainland China
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

1. Related information on investment in Mainland China:

Investee Company	Main Activities	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31,2023	Net Income of Investee (Notes 4)	Ownership through Direct or Indirect Investment	Maximum Percentage of ownership for the period	Investor's Share of Profit (Loss) of Investee (Notes 4)	Carrying Amount of the Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31,2023
					Outflow	Inflow							
DPSZ	Manufacturing and sales of backlight module and related parts	- USD -	Note 1	460,770 USD 15,000	-	460,770 USD 15,000	- USD -	3,939 USD 126	- %	100.00%	3,939 USD 126	- USD -	2,563,941 USD 83,467
DPXM	Manufacturing and sales of liquid crystal products、backlight modules and related parts	2,151,260 USD 70,000	Note 1	2,150,260 USD 70,000	-	-	2,150,260 USD 70,000	760,082 USD 24,377	100.00%	100.00%	760,082 USD 24,377	4,733,277 USD 154,088	1,931,982 USD 62,894
FTWJ	Manufacturing and sales of backlight module and related parts	1,075,130 USD 35,000 (Note 5)	Note 1	199,667 USD 6,500	-	-	199,667 USD 6,500	65,997 USD 2,117	100.00%	100.00%	65,997 USD 2,117	1,290,154 USD 42,000	432,342 USD 14,075
FPWJ	Manufacturing , sales and trading of precision plastic parts	890,822 USD 29,000 (Note 6)	Note 1	583,642 USD 19,000	-	-	583,642 USD 19,000	26,962 USD 865	100.00%	100.00%	26,962 USD 865	738,687 USD 24,047	-
FHWJ	Manufacturing and sales of backlight module and related parts	199,667 USD 6,500	Note 1	251,888 USD 8,200	-	-	251,888 USD 8,200	10,083 USD 323	100.00%	100.00%	10,083 USD 323	74,253 USD 2,417	-

DARWIN PRECISIONS CORPORATION And Subsidiaries

Information on Investment in Mainland China

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

2.Upper limit on investment in Mainland China：

Accumulated Investment in Mainland China as of December 31, 2023(Note 3)	Investment Amounts Authorized by the Investment Commission, MOEA(Notes 3 and 7)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 2)
3,185,457 (USD103,700)	5,142,511 (USD167,410)	5,533,063

Note1：Indirect investments in Mainland China through companies registered in a third region.

Note2：Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Company's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note3：If the relevant figures in this table involve foreign currencies, they will be translated into New Taiwan dollars based on the exchange rate on the reporting date. If they are assets and liabilities, they will be translated at the spot exchange rate; if they are profit or loss accounts, they will be translated at the average exchange rate.

Note4：Amounts were recognized based on the investees' audited financial statements.

Note5：The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.

Note6：The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.

Note7：The accumulated investment amounts authorized by the Investment Commission, MOEA is USD248,526 thousand (including the capitalization of retained earnings of USD81,116 thousand). In addition, the repatriation of surplus USD194,050 thousand can be used to deduct the accumulated amount of investment.

Appendix 3. Parent Company Only Financial Statements and Independent Auditor’s Report for the recent fiscal year

Stock Code:6120

DARWIN PRECISIONS CORPORATION.

Parent Company Only Financial Statements

With Independent Auditors’ Report
For the Years Ended December 31, 2023 and 2022

Address: No.20-1,Guangfu North Rd.,Hukou Township.,Hsinchu County 303036,Taiwan(R.O.C)

Telephone: (03)566-8000

Independent Auditors' Report

To the Board of Directors of Darwin Precisions Corporation.:

Opinion

We have audited the financial statements of Darwin Precisions Corporation.("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to individual financial report Note 4(15) and Note 6(16) of the financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. If the recognition occurs at inappropriate time,transactions that happened near the financial reporting date can have a significant impact on the financial statement. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; verifying invoices and forms to confirm that revenue recognition has been recorded in an appropriate period.

2. Impairment of long-term non-financial assets (excluding goodwill)

Refer to Note 4(13) “Impairment of nonfinancial assets”, Note 5 “Critical accounting judgments and key sources of estimation and assumption uncertainty”, and Note 6(7) “Impairment-non-financial assets of estimation” to the financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets. The impairment assessment includes identifying cash-generating units, determining a valuation model, determining those significant assumptions, and computing the recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding the assumptions used, impairment assessment one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company’s controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets’ future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results;we also appointed an inquiry of the management and identified any event after the balance sheet date to determine whether it is able to affect the results of the impairment assessment.

Responsibilities of Management and Those Charged with Governance for the 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the 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 the investment in other entities accounted for using the equity method to express an opinion on this 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Shyh-Huar and Chen, Yen-Hui.

KPMG

Taipei, Taiwan (Republic of China)
January 29, 2024

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

DARWIN PRECISIONS CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 3,499,330	20	1,523,896	8
1170	Accounts receivable(Note 6(3))	422,542	3	311,889	2
1180	Accounts receivable from related parties (Note 6(3) and 7)	1,758,607	10	1,413,805	8
1200	Other receivables (Note 6(4))	5,856	-	2,236,841	12
1210	Other receivables from related parties (Note 6(4) and 7)	1,385,115	8	1,420,658	8
1310	Inventories (Note 6(5))	237,407	1	232,379	1
1476	Other financial assets－current (Note 8)	307,180	2	230,490	1
1479	Other current assets (Note (6)8)	25,076	-	14,386	-
		7,641,113	44	7,384,344	40
	Noncurrent assets:				
1517	Financial assets at fair value through other comprehensive income－noncurrent (Note 6(2))	58,331	-	98,263	-
1550	Investments in equity–accounted investees (Note 6(6))	6,840,077	39	7,640,417	41
1600	Property, plant and equipment (Note 6(7), 7 and 8)	2,348,612	14	2,529,427	14
1840	Deferred tax assets (Note 6(13))	177,949	1	138,373	1
1915	Prepayments for business facilities	3,726	-	10,508	-
1980	Other financial assets－noncurrent(Note 8)	385,980	2	693,138	4
		9,814,675	56	11,110,126	60
	Total assets	**$ 17,455,788**	**100**	**18,494,470**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2130	Contract liabilities－current(Note 6(16) and 7)	$ 1,983	-	24,659	-
2170	Accounts payable	184,397	1	208,432	1
2180	Accounts payable to related parties(Note 7)	2,099,969	12	1,664,177	9
2200	Other payables	421,777	2	471,821	3
2220	Other payables to related parties (Note 7)	1,863,900	11	1,738,178	9
2250	Provisions－current (Note 6(11))	26,762	-	37,574	-
2320	Long-term borrowings, current portion (Note 6(10) and 8)	490,362	3	299,912	2
2399	Other current liabilities (Note 6(9) and 7)	213,534	1	464,442	3
		5,302,684	30	4,909,195	27
	Noncurrent liabilities:				
2540	Long-term borrowings (Note 6(10) and 8)	2,021,392	12	3,362,069	18
2550	Provisions-noncurrent(Note 6(11))	7,864	-	-	-
2570	Deferred tax liabilities (Note 6(13))	902,047	5	895,320	5
2600	Other noncurrent liabilities	30	-	92	-
		2,931,333	17	4,257,481	23
	Total liabilities	8,234,017	47	9,166,676	50
	Equity attributable to owners of parent (Note 6(2) and(14)):				
3100	Common Stock	6,655,551	38	6,655,551	36
3200	Capital surplus	2,837,442	16	2,837,438	15
3300	Retained earnings	944,953	6	920,934	5
3400	Other components of equity	(1,216,175)	(7)	(1,086,129)	(6)
	Total equity	9,221,771	53	9,327,794	50
	Total liabilities and equity	**$ 17,455,788**	**100**	**18,494,470**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARWIN PRECISIONS CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue** (Note 6(16) and 7)	$ 8,027,530	100	6,809,294	100
5000	**Operating costs** (Note 6(5), (12), (17), Note 7)	8,111,200	101	6,886,017	101
	Gross loss from operations	(83,670)	(1)	(76,723)	(1)
6000	**Operating expenses** (Note 6(12), (17) , Note 7):				
6100	Selling expenses	138,739	2	134,316	2
6200	Administrative expenses	316,640	4	359,512	6
6300	Research and development expenses	351,346	4	355,673	5
		806,725	10	849,501	13
	Loss from Operations	(890,395)	(11)	(926,224)	(14)
7000	**Non-operating income and expenses:**				
7100	Interest income (Note 6(18))	108,294	1	36,684	1
7010	Other income (Note 6(18) and 7)	127,878	2	167,852	2
7020	Other gains and losses (Note 6(7), (18) and 7)	(39,803)	-	1,085,178	16
7050	Finance costs (Note 6(18))	(39,494)	-	(41,290)	(1)
7370	Share of profit (losses) of subsidiaries, associates and joint ventures accounted for using the equity method, net (Note 6(6))	901,224	11	(23,309)	-
		1,058,099	14	1,225,115	18
7900	**Profit before income tax**	167,704	3	298,891	4
7950	Less: Income tax expenses (Note 6(13))	53,045	1	173,227	2
8200	**Profit for the period**	114,659	2	125,664	2
	Other comprehensive income:				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Note 6(2))	13,830	-	-	-
8360	**Items that may be reclassified subsequently to profit or loss** (Note 6(14))				
8361	Exchange differences on translation of foreign financial statements	(165,691)	(2)	(13,910)	-
8399	Income tax related to items that may be reclassified subsequently (Note 6(13))	33,145	-	2,782	-
	Total items that may be reclassified subsequently to profit or loss	(132,546)	(2)	(11,128)	-
8300	**Other comprehensive income(loss), net of tax**	(118,716)	(2)	(11,128)	-
8500	**Total comprehensive income (loss) for the year**	**$ (4,057)**	**-**	**114,536**	**2**
	Earnings per share (NT dollars) (Note 6(15))				
9750	Basic earnings per share	**$**	**0.17**		**0.19**
9850	Diluted earnings per share	**$**	**0.17**		**0.19**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARWIN PRECISIONS CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficit)	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2022	$ 6,655,551	3,486,669	-	795,270	(649,231)	146,039	(1,072,501)	(2,500)	(1,075,001)	9,213,258
Appropriation and distribution of retained earnings:										
Capital surplus used to cover accumulated deficits	-	(649,231)	-	-	649,231	649,231	-	-	-	-
	-	(649,231)	-	-	649,231	649,231	-	-	-	-
Profit for the year	-	-	-	-	125,664	125,664	-	-	-	125,664
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(11,128)	-	(11,128)	(11,128)
Total comprehensive income (loss) for the year	-	-	-	-	125,664	125,664	(11,128)	-	(11,128)	114,536
Balance at December 31, 2022	**$ 6,655,551**	**2,837,438**	**-**	**795,270**	**125,664**	**920,934**	**(1,083,629)**	**(2,500)**	**(1,086,129)**	**9,327,794**
Balance at January 1, 2023	$ 6,655,551	2,837,438	-	795,270	125,664	920,934	(1,083,629)	(2,500)	(1,086,129)	9,327,794
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	12,566	-	(12,566)	-	-	-	-	-
Special reserve	-	-	-	11,128	(11,128)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(101,970)	(101,970)	-	-	-	(101,970)
	-	-	12,566	11,128	(125,664)	(101,970)	-	-	-	(101,970)
Profit for the year	-	-	-	-	114,659	114,659	-	-	-	114,659
Other comprehensive income (loss)for the year	-	-	-	-	-	-	(132,546)	13,830	(118,716)	(118,716)
Total comprehensive income (loss) for the year	-	-	-	-	114,659	114,659	(132,546)	13,830	(118,716)	(4,057)
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-	-	-	4
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	11,330	11,330	-	(11,330)	(11,330)	-
Balance at December 31, 2023	**$ 6,655,551**	**2,837,442**	**12,566**	**806,398**	**125,989**	**944,953**	**(1,216,175)**	**-**	**(1,216,175)**	**9,221,771**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARWIN PRECISIONS CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before income tax	$ 167,704	298,891
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	258,587	316,328
Interest expense	39,494	41,290
Interest income	(108,294)	(36,684)
Dividend income	(178)	(1,939)
Share of (gain) loss of subsidiaries,associates and joint ventures accounted for using equity method	(901,224)	23,309
Gain on disposal of investment	(11,470)	-
Property, plant and equipment transferred to expense	343	-
Gain on disposal of property, plant and equipment, net	1,334	(970,015)
Total adjustments to reconcile (loss) profit	(721,408)	(627,711)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in accounts receivable	(110,653)	387,749
(Increase) decrease in accounts receivable from related parties	(344,802)	663,173
Increase in other receivables	(967)	(4,835)
Decrease in other receivable from related parties	35,543	601,303
(Increase) decrease in inventories	(5,028)	167,017
Decrease (increase) in prepayments	5,078	(1,442)
(Increase) decrease in other current assets	(5,183)	3,532
Total changes in operating assets	(426,012)	1,816,497
Changes in operating liabilities:		
Decrease in accounts payable	(24,035)	(39,204)
Increase (decrease) in accounts payable to related parties	435,792	(852,733)
(Decrease) increase in other payables	(60,357)	5,665
Increase (decrease) in other payable to related parties	125,722	(900,584)
Decrease in provisions	(2,948)	(51,654)
Decrease in other current liabilities	(15,250)	(29,507)
Total changes in operating liabilities	458,924	(1,868,017)
Total changes in operating assets and liabilities	32,912	(51,520)
Total adjustments	(688,496)	(679,231)
Cash generated from operations	(520,792)	(380,340)
Interest received	108,294	36,684
Dividends received	851,081	1,823,418
Interest paid	(39,211)	(40,841)
Income taxes paid	(61,469)	(101,853)
Net cash flows from operating activities	337,903	1,337,068
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	53,762	-
Acquisition of investments accounted for using equity method	(36,720)	-
Return of capital of investments in equity-accounted investees	472,965	95,147
Acquisition of property, plant and equipment	(26,344)	(35,310)
Proceeds from disposal of property, plant and equipment	10	2,458,218
(Increase) decrease in refundable deposits	(337)	94
Decrease (increase) in other receivables	2,231,952	(2,231,952)
Decrease (increase) in other financial assets	234,905	(921,960)
Increase in prepayments for business facilities	(36,303)	(7,901)
Net cash flows from (used in) investing activities	2,893,890	(643,664)
Cash flows from (used in) financing activities:		
Proceeds from long-term borrowings	3,001,000	4,186,960
Repayments of long-term borrowings	(4,155,327)	(4,255,116)
Decrease in guarantee deposits received	(62)	(180)
Cash dividends paid	(101,970)	-
Net cash used in financing activities	(1,256,359)	(68,336)
Net increase in cash and cash equivalents	1,975,434	625,068
Cash and cash equivalents at beginning of period	1,523,896	898,828
Cash and cash equivalents at end of period	$ 3,499,330	1,523,896

See accompanying notes to parent company only financial statements.

DARWIN PRECISIONS CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1 Company history

Forhouse Corporation ("Forhouse") was incorporated on October 13,1989 approved by the Ministry of Economic Affairs. It mainly engaged in designing, manufacturing, assembling, processing and trading of backlight modules, computer peripherals, and communication equipment.

BriView Corp.("BriView") was approved to establish on September 8, 2008. It mainly engaged in designing, manufacturing and sale of LCD modules, backlight modules, LCD TVs and related components.

In order to integrate the overall resources and expand the scale of operations to enhance operational performance and competitiveness, Forhouse merged with BriView on October 1, 2014 in accordance with the "Business Mergers and Acquisitions Act". After merger, Forhouse was legally the surviving company and BriView was the dissolved company. Forhouse was then changed to Darwin Precisions Corp. ("the Company") with the approval of the Ministry of Economic Affairs. The Company's registered address is No.20-1, Guangfu North Rd., Hukou Township, Hsinchu County, Taiwan (R.O.C). The Company mainly engaged in designing, manufacturing and sales of LCD modules, backlight modules, LCD TVs and related components.

2 Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on January 29, 2024.

3 New standards, amendments and interpretations adopted:

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

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

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

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

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

(Continued)

(b) The impact of IFRS endorsed by the FSC but not yet effective

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

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

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

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

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

4 Summary of material accounting policies:

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

(i) Basis of measurement

Except for the financial assets at fair value through other comprehensive income, the parent company only financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The Company’s financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) **Foreign currencies**

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) An investment in equity securities designated as at fair value through other comprehensive income;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

(Continued)

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

(4) **Classification of current and non-current assets and liabilities**

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

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

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

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

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

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

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

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

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

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

(5) **Cash and cash equivalents**

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

(6) **Financial instruments**

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(Continued)

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized cost, trade receivables, other receivables, guarantee deposit paid and other financial assets) and contract assets.

(Continued)

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivable and contract assets are always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when the financial asset is more than one year past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

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

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

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

(Continued)

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired'when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(Continued)

(7) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) **Investment in associates**

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The independent financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unearned gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

(Continued)

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(9) **Investment in subsidiaries**

The investees which are controlled by the Company were measured using the equity method in preparing the parent-company-only financial statements. The profit or loss, other comprehensive income and equity in the parent-company-only financial statements are equal to those attributable to the shareholders of the parent in the consolidated financial statements.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(10) **Joint venture**

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e. joint ventures) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Company qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(11) **Property, plant and equipment**

(i) Recognition and measurement

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

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

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

(Continued)

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings 3~50 years

2) Machinery and equipment 3~10 years

3) Other equipment 1~6 years

4) The major components of houses, buildings, machinery and equipment and their useful lives are as follows：

Compose item	Useful lives	Compose item	Useful lives
Buildings：		Machinery and equipment：	
Main building	50 years	Injection machine and polishing machine	5 years
Piping and fire engineering	20 years	Dehumidification drying and feeding system	5 years
Plant construction project	20 years	Other	3~10 years
Compartment engineering	5 years		
Other	3 years		

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

(12) **Leases**

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

(Continued)

(i) As a lessee

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

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

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

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

1) fixed payments, including in-substance fixed payments;

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

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

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

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

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

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

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

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

5) there is any lease modification.

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

(Continued)

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

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

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

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(ii) As a lessor

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

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(13) **Impairment of nonfinancial assets**

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

(Continued)

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

(14) **Provisions**

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(15) **Revenue**

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures and sells backlight modules and LCD optoelectronic products and related components. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company's obligation to provide a refund for backlight modules and LCD optoelectronic products under the standard warranty terms is recognized as a provision for warranty, please refer to Note 6(11).

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

2) 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.

(ii) Contract costs

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

－the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

－the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

－the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(16) **Government grants**

The Company recognizes an unconditional government grant related to an asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) **Employee benefits**

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(Continued)

(18) **Income taxes**

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

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

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

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

(Continued)

(19) **Earnings per share**

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic e1arnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(20) **Operating segments**

The Company has provided the disclosure of the operating segments in its consolidated financial statements. Thus, the disclosure of the segment information in the parent-company-only financial statements is no longer required.

5 Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows：

- Impairment of property, plant and equipment

  In the process of evaluating the potential impairment of assets, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

(Continued)

6 Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Demand deposits	$ 1,239,559	847,792
Time deposits	2,259,771	676,104
	$ 3,499,330	1,523,896

Please refer to Note 6(20) for the credit risk, exchange rate risk, interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income		
Domestic Company	$ 47,617	87,549
Foreign Company	10,714	10,714
	$ 58,331	98,263

The purpose that the Company invests in the above-mentioned equity securities is for long-term strategies rather than trading purpose. Therefore, those equity securities are designated as financial assets at fair value through other comprehensive income.

In 2023, the Company recognized an unrealized gains frrom investment in equity instrument measured at fair value through other comprehensive income of $13,830 thousand.

In May 2023, the Company sold its financial assets at fair value through other comprehensive income. The financial assets sold had a fair value of $53,762 thousand and the Company realized a gain of $11,330 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as in Year 2022.

For credit risk and market risk, please refer to Note 6(20).

As of December 31, 2023 and 2022, the financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral.

(Continued)

(3) **Accounts receivable (including related parties)**

		December 31, 2023	December 31, 2022
Accounts receivable (including related parties) - measured at amortized cost	$	2,181,149	1,725,694
Less: Loss allowance		-	-
	$	2,181,149	1,725,694

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information.

As of December 31, 2023 and 2022, the Company did not provide the allowance loss for its accounts receivable. The loss allowance provisions for non-related parties were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 419,948	- %	-
1 to 60 days past due	1,288	- %	-
61 to 180 days past due	1,306	- %	-
181 days past due	-	- %	-
Total	$ 422,542		-

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 306,251	- %	-
1 to 60 days past due	2,913	- %	-
61 to 180 days past due	2,725	- %	-
181 days past due	-	- %	-
Total	$ 311,889		-

As of December 31, 2023 and 2022, the accounts receivable from related parties of the Company was mainly derived from the accounts of the parent company amounting to $409,822 thousand and $467,150 thousand, respectively, and other related parties of $1,348,785 thousand and $946,655 thousand, respectively, with overdue days of less than 30 days. Therefore, there were no loss allowance provisions during the duration of the accounts receivable from related parties.

(Continued)

The movement in the allowance for accounts receivable was as follows:

	For the years ended December 31, 2023	2022
Balance at on January 1 (as the same Balance at December 31)	$ -	-

As of December 31, 2023 and 2022, accounts receivable of the Company had not been pledged as collateral.

For credit risk and exchange rate risk information of accounts receivable, please refers to Note 6(20).

(4) **Other receivables**

	December 31, 2023	December 31, 2022
Other receivables-proceeds from disposal of property	$ -	2,231,952
Other receivables-related parties	1,385,115	1,420,658
Others	5,856	4,889
	$ 1,390,971	3,657,499

The amount on the disposal of property in Waipu Dist., Taichung City was recognized as "other receivables－proceeds from disposal of property". The transaction price has been entrusted to the bank to handle the buying and selling trust of the property, plant and equipment. The disposal of property are described in note 6(7). The amount on the disposal of property mentioned above had been fully received by the trust account as of January 3, 2023.
Other receivables-related parties arising from the purchase on behalf of raw materials by the Company.

For further credit risk information, please refers to Note 6(20).

(5) **Inventories**

	December 31, 2023	December 31, 2022
Raw materials	$ 97,343	76,402
Semi-finished goods	-	51
Work in progress	6,209	18,015
Finished goods	84,766	69,477
Goods	31,604	45,371
Inventory in transit	17,485	23,063
	$ 237,407	232,379

(Continued)

Inventory related losses and profits were as follows:

	2023	2022
(Gain) loss on valuation and scrap of inventories	$ (7,783)	20,037
Unallocated fixed manufacturing expenses	9,190	24,710
Income from sale of scraps	(293)	(10,117)
Operating costs	$ 1,114	34,630

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(6) **Investments accounted for using equity method**

The Company's financial information for investments accounted for using equity method at the reporting date was as follow:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 6,790,939	7,383,007
Associates	49,138	257,410
	$ 6,840,077	7,640,417

(i) Subsidiaries

Please refer to consolidated financial statements for the years ended December 31, 2023 and 2022 for the details.

(ii) Associates

Associates which are material to the Company consisted of the followings:

			Proportion of shareholding and voting rights	
Name of Associates	Nature of Relationship with the Company	Main operating loca Company	December 31, 2023	December 31, 2022
BriView(L) Corp.(BVLB)	Holding company	Malaysia	-%	29.71%

The following financial information of significant associates has been adjusted according to individually prepared IFRSs financial statements of these associates:

(Continued)

BVLB Company:

	December 31, 2023	December 31, 2022
Current assets	$ -	827,765
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Net assets	$ -	827,765
Net assets attributable to non-controlling interests	$ -	247,949
Net assets attributable to investee interests	$ -	581,836

	2023	2022
Operating revenue	$ -	(81,040)
Loss from continuing operations	$ -	(81,218)
Other comprehensive income	41,749	74,417
Total comprehensive income (loss)	$ 41,749	(6,801)
Comprehensive income (loss) attributable to non-controlling interests	$ 12,404	(2,020)
Comprehensive income (loss) attributable to investee interests	$ 29,345	(4,781)

	2023	2022
Share of net assets of associates as of January 1	$ 245,929	247,949
Comprehensive income attributable to the Company	12,404	(2,020)
Share of net assets of associates as of December 31	258,333	245,929
Less：Elimination of unrealized profit on downstream sales	-	-
Less: Disposal of investments using the equity method	(258,333)	-
Carrying amount of associates' equity	$ -	245,929

The registration and legal process of BVLB's liquidation had been completed on September 18, 2023, based on the resolution approved during the Board of Directors on October 12, 2022.

The Company’s financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates’ equity	$ 49,138	11,481

(Continued)

(iii) Joint ventures

Roehm Forhouse Optical Polymers Corporation (EFOP) is a company established under the joint venture agreement between the Company and other investor. EFOP is a non-public company and is one of the Company's strategic suppliers who mainly engages in the production of plastic pellet. The Company has the residual equity interest in net value of EFOP; hence, the Company use the equity method in measuring the fair value of EFOP.

The registration and legal process of EFOP's liquidation had been completed on January 25, 2022 and November 7, 2022, respectively, based on the resolution approved during the shareholders' meeting of EFOP on May 27, 2021.

(iv) Guarantee

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(7) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and Structures	Machinery and Equipment	Others	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	$ 1,195,195	958,015	1,816,783	413,912	9,010	4,392,915
Additions	-	-	5,666	7,102	23,606	36,374
Disposal	-	(1,307)	(716)	(3,190)	-	(5,213)
Reclassification	-	-	6,160	10,383	26,199	42,742
Balance on December 31, 2023	$ 1,195,195	956,708	1,827,893	428,207	58,815	4,466,818
Balance on January 1, 2022	$ 2,191,245	1,383,618	2,324,201	512,931	1,558	6,413,553
Additions	-	-	9,664	16,490	3,006	29,160
Disposal	(996,050)	(425,603)	(525,950)	(117,076)	-	(2,064,679)
Reclassification	-	-	8,868	1,567	4,446	14,881
Balance on December 31, 2022	$ 1,195,195	958,015	1,816,783	413,912	9,010	4,392,915
Accumulated depreciation:						
Balance on January 1, 2023	$ -	222,788	1,275,106	365,594	-	1,863,488
Depreciation	-	30,516	203,948	24,123	-	258,587
Disposal	-	(278)	(401)	(3,190)	-	(3,869)
Balance on December 31, 2023	$ -	253,026	1,478,653	386,527	-	2,118,206
Balance on January 1, 2022	$ -	269,692	1,402,389	451,555	-	2,123,636
Depreciation	-	39,729	247,366	29,233	-	316,328
Disposal	-	(86,633)	(374,649)	(115,194)	-	(576,476)
Balance on December 31, 2022	$ -	222,788	1,275,106	365,594	-	1,863,488

(Continued)

		Land	Buildings and Structures	Machinery and Equipment	Others	Construction in progress and testing equipment	Total
Carrying amounts:							
Balance on December 31, 2023	$	1,195,195	703,682	349,240	41,680	58,815	2,348,612
Balance on January 1, 2022	$	2,191,245	1,113,926	921,812	61,376	1,558	4,289,917
Balance on December 31, 2022	$	1,195,195	735,227	541,677	48,318	9,010	2,529,427

(i) Guarantee

As of December 31, 2023 and 2022, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings, please refer to Note 8.

(ii) Impairment loss

The Company conducted its impairment tests on property, plant and equipment on December 31, 2023 and 2022; and there was no impairment loss incurred by the Company after the assessment.

(iii) Plant and equipment under construction

The Company has started construction and costs incurred up to December 31, 2023 and 2022. Included in this amount are capitalized borrowing costs related to the acquisition of the land and the construction of the factory of $184 thousand and $138 thousand, calculated using a capitalization rate of 1.50%~2.10% and 0.90%~2.05%. Please refer to Note 6(18) for capitalization of interest.

(iv) Disposal of assets

In order to optimize its assets and enhance the effectiveness of its working capital, the Company disposed its property and related facilities in Waipu Dist., Taichung City, at the amount of $880,188 thousand, on December 28, 2022, based on the resolution approved during the board meeting on June 22, 2022.

(8) Other current assets

The other current assets of the Company were as follows:

		December 31, 2023	December 31, 2022
Prepayments	$	14,466	12,161
Overpaid sales tax		4,601	-
Temporary payments		2,729	2,147
Other		3,280	78
	$	25,076	14,386

(Continued)

(9) **Other current liabilities**

The other current liabilities of the Company were as follows:

	December 31, 2023	December 31, 2022
Other advance receipts-return of capital of BVLB	$ -	255,702
Customer supply materials payable	189,666	172,257
Temporary receipts	16,517	15,168
Withholding	7,351	7,121
Other	-	14,194
	$ 213,534	464,442

(10) **Long-term borrowings**

The details were as follow:

	December 31, 2023	
	Maturity year	Amount
Unsecured bank loans	2025.1~2026.12	$ 1,558,080
Secured bank loans	2032.4	262,519
Secured other loans	2026.3	691,155
		2,511,754
Less: current portion		(490,362)
Total		$ 2,021,392
Unused long-term credit lines		$ 3,909,965
Range of interest rates		1.50%~2.10%

	December 31, 2022	
	Maturity year	Amount
Unsecured bank loans	2024.6~2026.12	$ 2,446,000
Secured bank loans	2032.4	294,021
Secured other loans	2026.3	921,960
		3,661,981
Less: current portion		(299,912)
Total		$ 3,362,069
Unused long-term credit lines		$ 3,109,965
Range of interest rates		1.375%~2.05%

(Continued)

The assets pledged as collateral to secure the long-term borrowings, please refer to Note 8.

(11) **Provisions**

		Warranties
Balance at January 1, 2023	$	37,574
Provisions made during the year		14,357
Provisions used during the year		(17,305)
Balance at December 31, 2023	**$**	**34,626**
Balance at January 1, 2022	$	89,228
Provisions made during the year		4,636
Provisions used during the year		(6,290)
Provisions reversed during the year		(50,000)
Balance at December 31, 2022	**$**	**37,574**

The provision for warranties during the years ended 31 December 2023 and 2022 is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next two years.

(12) **Employee benefits**

The Company set aside $12 thousand and $19 thousand, respectively, of the pension costs under the defined benefit plans for the years ended December 31, 2023 and 2022.

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $26,187 thousand and $27,555 thousand for the years ended December 31, 2023 and 2022, respectively.

(13) **Income taxes**

(i) Income tax expense

The components of income tax expense in the years 2023 and 2022 were as follows:

		2023	2022
Current tax expense:			
Current period	$	52,749	99,084
Deferred tax expense：			
Reversed of temporary differences		296	74,143
Income tax expense	**$**	**53,045**	**173,227**

(Continued)

The amount of income tax benefit recognized in other comprehensive income for 2023 and 2022 was as follows:

		2023	2022
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$	(33,145)	(2,782)

Reconciliation of income tax and profit before tax 2023 and 2022 were as follows:

		2023	2022
Profit before income tax	$	167,704	298,891
Income tax using the Company's domestic tax rate	$	33,541	59,778
Non-deductible expenses		(97,654)	(93,394)
Impact of loss deduction		122,446	197,358
Changes in unrecognized temporary differences		(5,288)	(8,450)
Others		-	17,935
Total	$	53,045	173,227

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2023	December 31, 2022
Deductible temporary differences	$	772	6,060
The carry forward of unused tax losses		398,822	463,870
Investment deduction		12,201	10,001
	$	411,795	479,931

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2023, the information of the Company’s unused tax losses for which no deferred tax assets were recognized are as follows:

(Continued)

Year of loss	Unused tax loss		Expiry date
2019 (assessed)	$	68,816	2029
2020 (assessed)		123,850	2030
2021 (assessed)		67,021	2031
2022 (estimated)		16,689	2032
2023 (estimated)		122,446	2033
	$	**398,822**	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

		Loss of inventory valuation	Exchange differences on translation of foreign financial statements	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2023	$	42,839	86,163	9,371	138,373
Recognized in profit or loss		(3,185)	-	9,616	6,431
Recognized in other comprehensive income (loss)		-	33,145	-	33,145
Balance at December 31, 2023	**$**	**39,654**	**119,308**	**18,987**	**177,949**
Balance at January 1, 2022	$	41,401	83,381	23,493	148,275
Recognized in profit or loss		1,438	-	(14,122)	(12,684)
Recognized in other comprehensive income (loss)		-	2,782	-	2,782
Balance at December 31, 2022	**$**	**42,839**	**86,163**	**9,371**	**138,373**

		Recognized foreign investment gains under equity method	Other	Total
Deferred Tax Liabilities:				
Balance at January 1, 2023	$	891,973	3,347	895,320
Recognized in profit or loss		10,074	(3,347)	6,727
Balance at December 31, 2023	**$**	**902,047**	**-**	**902,047**
Balance at January 1, 2022	$	830,628	3,233	833,861
Recognized in profit or loss		61,345	114	61,459
Balance at December 31, 2022	**$**	**891,973**	**3,347**	**895,320**

(iii) Assessment of tax

The Company' s tax returns for the years through 2021 were assessed by the tax authorities.

(Continued)

(14) **Capital and other equity**

As of December 31, 2023 and 2022, the Company's authorized common stock, with per value of $10 per share, all amounted to $8,500,000 thousand, and the outstanding ordinary shares each amounted to $6,655,551 thousand.

(i) Capital Surplus

The balance of capital surplus as of December 31, 2023 and 2022, was as follows:

		December 31, 2023	December 31, 2022
Capital premium (Including merger and premium)	$	1,772,216	1,772,216
Treasury shares transactions		177,139	177,139
Changes in equity of associates and joint ventures accounted for using the equity method		882,894	882,890
Employee share options		5,193	5,193
	$	2,837,442	2,837,438

According to the R.O.C. Company Act, capital surplus may be used to offset accumulated deficits first, and only the realized capital surplus can be distributed by issuing common stock as stock dividends or by cash according to the proportion of shareholders'. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of paid-in capital.

(ii) Retained earnings

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid in capital. Certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulations or as requested by the competent authority. If there is still remaining earning, it shall be combined with the accumulated undistributed earnings for the Board of Directors to prepare an earnings distribution proposal in order to execute the distribution thereof through resolution according to the laws. Dividend distribution in the form of shares in whole or in part shall be approved by the shareholders' meeting. Dividend distribution in the form of cash shall be approved by the Board of Directors and a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, and taking into account the shareholders' interest, maintenance of a balanced dividend and the Company's long term financial plan. The shareholders' dividend distribution ratio, in principle, could be zero percent to eighty percent of the distributable earnings. The ratio of the cash dividends paid shall not be less than thirty percent of the total amount of the cash and stock dividends paid in the current year.

(Continued)

1) Legal reserve

Legal reserve can be used to offset accumulated deficits. When the company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, and only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

In accordance with Ruling by the FSC, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during the earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of the undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes in other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amount of cash dividends of the Company in 2022 earnings distribution project resolved by the Board of Directors on April 25, 2023 and other surplus distribution of 2022 based on the resolution approved during shareholders' meeting held on June 14, 2023 are as follows:

	Earnings distribution	Dividend per share
Legal reserve	$ 12,566	
Special reserve	11,128	
Cash dividends	101,970	0.15321
	$ 125,664	

The capital surplus —changes in equity of associates and joint ventures accounted for using equity method amounting to $649,231 thousand was used to offset against the accumulated deficits in 2021 based on the resolution approved during shareholders' meeting held on June 15, 2022.

(Continued)

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains losses from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	$ (1,083,629)	(2,500)	(1,086,129)
Exchange differences on foreign operations	(154,221)	-	(154,221)
Cumulative gains (losses) reclassified to profit or loss on disposal of foreign operations	(11,470)	-	(11,470)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	13,830	13,830
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(11,330)	(11,330)
Related tax	33,145	-	33,145
Balance at December 31, 2023	**$ (1,216,175)**	**-**	**(1,216,175)**
Balance at January 1, 2022	$ (1,072,501)	(2,500)	(1,075,001)
Exchange differences on foreign operations	(13,910)	-	(13,910)
Related tax	2,782	-	2,782
Balance at December 31, 2022	**$ (1,083,629)**	**(2,500)**	**(1,086,129)**

(15) **Earnings per share**

The calculation of basic earnings per share and diluted earnings per share in 2023 and 2022 were as follows:

	2023	2022
Basic earnings per share		
Profit of the Company for the year	**$ 114,659**	**125,664**
Weighted average number of outstanding ordinary shares (in thousands)	**665,555**	**665,555**
Basic earnings per share (in dollars)	**$ 0.17**	**0.19**

(Continued)

		2023	2022
Diluted earnings per share			
Profit of the Company for the year	$	114,659	125,664
Weighted average number of outstanding ordinary shares (in thousands)		665,555	665,555
Effect of dilutive potential ordinary shares			
Effect of employee share bonus		836	1,795
Weighted average number of outstanding ordinary shares (dilution) (in thousands)		666,391	667,350
Dilution earings per share (in dollars)	$	0.17	0.19

(16) **Revenue from contracts with customers**

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets			
Taiwan	$	3,970,752	3,694,306
China		3,987,199	2,951,959
Japan		60,752	105,000
Other		8,827	58,029
	$	8,027,530	6,809,294

		2023	2022
Major products			
Optoelectronic technology products and peripheral components	$	4,297,530	3,302,899
LCD TV and module foundry		3,730,000	3,506,395
	$	8,027,530	6,809,294

(ii) Contract balances

		December 31, 2023	December 31, 2022
Contract liabilities	$	1,983	24,659

For details on accounts receivable and allowance for impairment, please refer to Note 6(3).

(Continued)

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $8,789 thousand and $36,732 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the optoelectronics technology sales contracts, for which revenue is recognized when products are delivered to customers.

(iii) Transaction price allocated to the remaining performance obligations

The Company recognizes revenue related to optoelectronic technology products and peripheral components in the amount to which the Company has a right to invoice, thus the Company applies the practical expedient of IFRS and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(17) **Employee compensation and directors' and supervisors' remuneration**

In accordance with the Company’s Articles of Incorporation, where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 1% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain specific qualifications.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $8,873 thousand $15,814 thousand, and directors' remuneration amounting to $887 thousand and $1,581 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors resolved by Board of Directors. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day preceding the Board of Directors' meeting. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(Continued)

(18) **Non-operating income and expenses**

(i) Interest income

The details of interest income for the years 2023 and 2022 were as follows:

	2023	2022
Interest income from bank deposits	$ 64,471	23,596
Other interest income	43,823	13,088
	$ 108,294	36,684

(ii) Other income

The details of other income for the years 2023 and 2022 were as follows:

	2023	2022
Rent income	$ 741	1,003
Subsidy	9,708	6,490
Commission	88,200	72,424
Dividend	178	1,939
Others	29,051	85,996
	$ 127,878	167,852

(iii) Other gains and losses

The details of other gains and losses for the years 2023 and 2022 were as follows:

	2023	2022
Gain on disposal of investments	$ 11,470	-
(Loss) gain on disposals of property, plant and equipment	(1,334)	970,015
Foreign exchange (losses) gains	(49,939)	115,163
	$ (39,803)	1,085,178

(iv) Finance costs

The details of finance costs for the years 2023 and 2022 were as follows:

	2023	2022
Interest expense	$ 39,678	41,428
Less: capitalization of interest	(184)	(138)
	$ 39,494	41,290

(Continued)

(19) **Financial Instruments**

(i) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity instruments do not have quoted price in active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Stocks in non-listed companies	$ 58,331	-	-	58,331	58,331
Financial assests measured at amortized cost					
Cash and cash equivalents	3,499,330	-	-	-	-
Trade and other receivables (Including related parties)	3,572,120	-	-	-	-
Other financial assets－time deposit	691,155	-	-	-	-
Other financial assets－refundable deposit	2,005	-	-	-	-
Subtotal	7,764,610				
Total	$ 7,822,941				
Financial liabilities measured at amortized cost					
Trade and other payables (Including related parties)	$ 4,239,458	-	-	-	-
Long-term borrowings (Including due within one year)	2,511,754	-	-	-	-
Other non-current liabilities－deposits received	30	-	-	-	-
Total	$ 6,751,242				

(Continued)

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Stocks in non-listed companies	$ 98,263	-	-	98,263	98,263
Financial assests measured at amortized cost					
Cash and cash equivalents	1,523,896	-	-	-	-
Trade and other receivables (Including related parties)	5,383,193	-	-	-	-
Other financial assets－time deposit	921,960	-	-	-	-
Other financial assets－refundable deposit	1,668	-	-	-	-
Subtotal	7,830,717	-	-	-	-
Total	**$ 7,928,980**				
Financial liabilities measured at amortized cost					
Trade and other payables (Including related parties)	$ 3,790,026	-	-	-	-
Long-term borrowings (Including due within one year)	3,661,981	-	-	-	-
Other non-current liabilities－deposits received	92	-	-	-	-
Total	**$ 7,452,099**				

(ii) Valuation techniques of financial instruments not measured at fair value

The Company’s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

If there is quoted price generated by transactions for financial assets and liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

For domestic and foreign time deposits, their fair value approximate to their carrying amount.

Fair value of long-term borrowings, which approximates to its carrying value is determined by discounting the expected cash flows at a market interest rate.

The refundable deposits and guarantee deposits are based on carrying amount as there is no fixed maturity.

(iii) Transfer between Level 1 and Level 2

There were no transfers from one level to another level in 2023 and 2022.

(Continued)

(iv) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value is "financial assets measured at fair value through other comprehensive income – equity investments".

The Company's equity investments without an active market that use Level 3 inputs to measure fair value has a complex significant unobservable inputs. The significant unobservable inputs are not interrelated because they are independent of each other.

For some equity investment instruments held by the Company that do not have active market quotations and are not for short-term trading purposes, the management obtains the recent financial report of the investee company, evaluates the development of the industry and reviews the publicly available information; thereafter, inspects it accordingly to evaluate the operating risk and future operating performance of the investee company to assess the fair value of the investee company. Generally, changes in the industry and market prospects are highly positively correlated with changes in the operations and future performance of the investee company.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market method	• Price-Earning ratio（As of December 31, 2023 and 2022 were 11.65~20.75 and 7.57~23.38, respectively) • Price-Book Ratio（As of December 31, 2023 and 2022 were 3.065 and 1.92, respectively） • Discount for lack of marketability（As of December 31, 2023 and 2022 were both 20%）	The estimated fair value would increase (decrease) if: • the price earning ratio growth rate was higher (lower); • the Price-Book Ratio were higher (lower); or • the degree of lack of marketability were lower (higher).

(20) **Financial risk management**

(i) Overview

The Company exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(Continued)

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It coordinates and accesses to domestic and international financial market operations. Besides, the department also supervises and manages the financial risks related to the Company's operations by analyzing the internal risk assessment of exposures accordings to the degree and breadth of risks. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Company's policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and nonderivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue to review the amount of the risk exposure in accordance with the Company's policies and the risk management's policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and financial assets.

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2023 and 2022, the maximum amount exposed to credit risk were $7,822,941 thousand and $7,928,980 thousand, respectively.

1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral or take out account receivable insurance to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers.

The major customers of the Company are centralized in the LCD optoelectronic products industry. To minimize credit risk, the Company periodically evaluates its financial positions and the possibility of collecting trade receivables. Besides, the Company monitors and reviews the recoverable amounts of the trade receivables to ensure the uncollectible amounts are recognized appropriately as impairment loss. As of December 31, 2023 and 2022, 62% and 71% respectively, of accounts receivable were derived from three major customers. Thus, the credit risk is significantly centralized. The Company continuously evaluates its customer's financial position and actual collection situation, and, if necessary, the Company flexibly uses credit protection tools such as prepayments, accounts receivable factoring, credit insurance, or requires the customer to provide collaterals or guarantees to reduce the customer's credit risk.

(Continued)

For credit risk exposure of accounts receivable, please refer to Note 6(3). Other financial assets at amortized cost include other receivables. For related information, please refer to Note 6(4).

Other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. There were no impairment provisions on other receivables for the years ended December 31, 2023 and 2022.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any of the counterparties above fail to meet its obligation hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to company with business dealings, company that directly or indirectly held more than 50% of the voting rights, and company that directly or indirectly hold voting rights in the Company. No other guarantees were outstanding at December 31, 2023 and 2022.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2023 and 2022, the Company's unused credit line were amounted to $4,470,365 thousand and $3,583,165 thousand, respectively.

The following, except for accounts payable and other payables, are the contractual maturities of other financial liabilities. The amounts include estimated interest payments but exclude the impact of netting agreement.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	over 5 years
December 31, 2023						
Non-derivative financial liabilities						
Long-term borrowings (Including due within one year)	$ 2,511,754	2,572,793	522,488	1,720,229	221,302	108,774
Accounts payable and other payables (Including related-party)	4,239,458	4,239,458	4,239,458	-	-	-
Deposits received	30	30	-	30	-	-
	$ 6,751,242	6,812,281	4,761,946	1,720,259	221,302	108,774

(Continued)

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Long-term borrowings (Including due within one year)	$ 3,661,981	3,760,363	309,543	2,355,899	952,835	142,086
Accounts payable and other payables (Including related-party)	3,790,026	3,790,026	3,790,026	-	-	-
Deposits received	92	92	-	92	-	-
	$ 7,452,099	7,550,481	4,099,569	2,355,991	952,835	142,086

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings. The currencies used in these transactions are the NTD, USD and JPY.

(A) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

(in thousands)

	December 31, 2023			December 31, 2022		
	Foreign Currency	**Exchange Rates**	**New Taiwan Dollars**	**Foreign Currency**	**Exchange Rates**	**New Taiwan Dollars**
Financial Assets						
Monetary items						
USD	$ 205,040	30.718	6,298,419	169,961	30.732	5,223,241
Non-monetary items						
USD	222,556	30.718	6,836,475	250,082	30.732	7,685,520
Financial Liabilities						
Monetary items						
USD	162,619	30.718	4,995,331	151,945	30.732	4,669,573

(Continued)

(B) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, other financial assests, borrowings, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of December 31, 2023 and 2022 would have increased (decreased) the net profit before tax by $13,031 thousand and $5,537 thousand, respectively, with all other variable factors remaining constant. The analysis is performed on the same basis for both periods.

(C) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. In 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to ($49,939) thousand and $115,163 thousand, respectively.

2) Interest rate risk

The Company manages interest rate risk by maintaining a portfolio of appropriate floating interest rates. The Company evaluates hedging activities to make them consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when internally reporting to the management, who also represents the Company's assessment on the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.5% basis points, the Company’s profit before income tax would have decreased / increased by $9,103 thousand and $13,700 thousand for the year ended December 31 2023 and 2022, respectively, with all other variable factors remaining constant. This was mainly due to the Company’s borrowing at variable rates.

(21) **Capital management**

The Company’s objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

(Continued)

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of 31 December 2023, the Company's capital management strategy is consistent with the prior year as of 31 December 2022 to ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period as of 31 December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 8,234,017	9,166,676
Less: cash and cash equivalents	(3,499,330)	(1,523,896)
Net debt	4,734,687	7,642,780
Total equity	9,221,771	9,327,794
Total assets	**$ 13,956,458**	**16,970,574**
Debt-to-equity ratio at 31 December	**33.92%**	**45.04%**

The debt-to-equity ratio was reduced, due to the significant increase in working capital, caused by the sale of assets, the return of equity capital of subsidiaries and the repatriation of surpluses, and the decrease in borrowings.

(22) **Investing and financing activities not affecting current cash flow**

Reconciliation of liabilities arising from financing activities were as follows:

	Jamnuary 1, 2023	Cash flows	Non-cash changes Foreign exchange movement	December 31, 2023
Long-term borrowings	$ 3,661,981	(1,154,327)	4,100	2,511,754

	January 1, 2022	Cash flows	Non-cash changes Foreign exchange movement	December 31, 2022
Long-term borrowings	$ 3,730,137	(68,156)	-	3,661,981

7 Related-party transactions

(1) **Parent company and ultimate controlling company**

AUO Corporation is both the parent company and the ultimate controlling party of the Company. It has issued the Consolidated Financial Statements Available for Public Use.

(Continued)

(2) **Names and relationship with related parties**

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Company
AUO Corporation (AUO)	Ultimate parent company
Darwin Precisions (Suzhou) Corp. (DPSZ)	Subsidiary of the company(Note 1)
Darwin Precisions (Xiamen) Corp. (DPXM)	Subsidiary of the company
Darwin Precisions (L) Corp.	Subsidiary of the company
Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	Subsidiary of the company
Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Subsidiary of the company
AUO Display Plus Corporation (ADPHQ)	Subsidiary of AUO
Star River Energy Corp. (SREC)	Subsidiary of AUO
Space Money Inc. (S4M)	Subsidiary of AUO
Da Ping Green Energy Corporation(DPGE)	Subsidiary of AUO
Sanda Materials Corporation (SDMC)	Grandson of AUO
AUO (Suzhou) Co., Ltd. (AUOSZ)	Grandson of AUO
AUO (Xiamen) Co., Ltd. (AUOXM)	Grandson of AUO
AUO (Kunshan) Co., Ltd. (AUOKS)	Grandson of AUO
AUO Education Service Corp. (AUES)	Grandson of AUO
Yo-Pei Water Corporation (AET-YP)	Grandson of AUO
Feng Yao Power Corporation (FYPC)	Grandson of AUO
Zheng Yao Power Corporation (ZYPC)	Grandson of AUO
Darwin Summit Corporation Ltd. (DSC)	An associate
BriView (L) Corp. (BVLB)	An associate(Note 2)
Partner Tech Corp. (PTT)	Other related parties
Webest Solution Corp. (WEBEST)	Other related parties
ChampionGen Power Corporation (CGPC)	Other related parties
Transnet Corporation (Transnet)	Other related parties
Qisda Corporation (Qisda)	Other related parties
Qisda (Suzhou) Co., Ltd. (QCSZ)	Other related parties
Qisda Electronics (Suzhou) Co., Ltd. (QCES)	Other related parties
Qisda Optronics (Suzhou) Co., Ltd. (QCOS)	Other related parties
Lextar Electronics Corporation (Lextar)	Other related parties
Sheng He Power Corporation (SHPC)	Other related parties
Sheng Yao Power Corporation (SYPC)	Other related parties
Sheng Li Energy Corporation (SLEC)	Other related parties

(Continued)

Name of related party	Relationship with the Company
BenQ Asia Pacific Corp. (BQP)	Other related parties
Metaguru Corporation (Metaguru)	Other related parties
BenQ Materials Corp. (BMC)	Other related parties
BenQ Healthcare Corporation (BHS)	Other related parties
Star Shining Energy Corporation (SSEC)	Other related parties
He Shuo Agricultural Biotech Corporation(HSNC)	Other related parties
DFI Inc. (DFI)	Other related parties
TronGen Power Corporation (TGPC)	Other related parties
Fargen Power Corporation (FGPC)	Other related parties
Data Image Corporation (DIC)	Other related parties
Lextar Eletronics (Chuzhou) Corp. (LECZ)	Other related parties
Ri Ji Power Corporation (RJPC)	Other related parties
Ri Jing Power Corporation (RGPC)	Other related parties
Mao Zheng Energy Corporation (MZEC)	Other related parties
Mao Xin Energy Corporation (MXEC)	Other related parties
Adlink Technology, Inc. (ADLINK)	Other related parties
Adlink Technology (China) Co., Ltd. (ADLINKCN)	Other related parties
Yenrich Technology Corporation (Yenrich)	Other related parties
Shin Sheng Feng Investment Corp. (SSFI)	Other related parties
Sheng Da Power Corporation (SDPC)	Other related parties
WiBase Industrial Solutions Inc. (WIS)	Other related parties(Note 3)

Note 1: The liquidation of Darwin Precisions (Suzhou) Corp. had been completed on December 25, 2023.

Note 2: BriView (L) Corp. was approved for dissolution on September 2023. For relevant information, please refer to Note 6(6).

Note 3: WiBase Industrial Solutions Inc. was no longer a related party beginning from June 2023.

(Continued)

(3) **Significant transactions with related parties**

(i) Sales

The amounts of significant sales by the Company to related parties were as follow：

		2023	2022
Ultimate parent company- AUO	$	2,780,342	2,662,674
Subsidiaries		853	145,880
Associates		4,421	6,804
Others:			
AUOXM		1,511,810	1,064,997
AUOSZ		1,418,307	1,027,514
Others		671,225	339,918
	$	**6,386,958**	**5,247,787**

The sales price of the Company to its related parties is not comparable to that of others due to the differences in the sales of the goods. The collection terms for sales to related parties were 60 to 120 days from the end of the month. The credit terms were no different from those the credit terms given by other clients.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

		2023	2022
Ultimate parent company- AUO	$	2,609	4,291
Subsidiaries:			
DPXM		1,777,682	1,412,554
FTWJ		4,805,636	3,871,365
Others		93,820	73,430
	$	**6,679,747**	**5,361,640**

The purchase price offered by the Company to its related parties is not comparable to that of others due to the differences in the purchases of the goods. The payments terms for purchases from related parties were 45 to 120 days or prepayment for purchases. The payment terms were no different from those given by other vendors.

(Continued)

(iii) Receivables from Related Parties

The details of the Company's accounts receivable from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivables	Ultimate parent company- AUO	$ 409,822	467,150
Accounts receivables	Subsidiaries	107,053	93,536
Accounts receivables	Associates	-	5,109
Accounts receivables	Others:		
	AUOXM	480,463	394,321
	AUOSZ	472,024	357,899
	Others	289,245	95,790
Other receivables	Subsidiaries:		
	DPXM	83,858	86,750
	FTWJ	1,301,257	1,333,908
		$ 3,143,722	2,834,463

(iv) Payables to Related Parties

The detail of the Company's payable to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payables	Ultimate parent company- AUO	$ -	(3)
Accounts payables	Subsidiaries:		
	DPXM	472,779	474,921
	FTWJ	1,607,699	1,180,377
Accounts payables	Other related parties	19,491	8,882
Other payables	Ultimate parent company- AUO	3	415
Other payables	Subsidiaries:		
	DPXM	31,623	84,341
	FTWJ	1,829,604	1,652,773
Other payables	Other related parties	2,670	649
		$ 3,963,869	3,402,355

(Continued)

(v) Other current liabilities

The Company's other current liabilities are as follow:

Account	Relationship	December 31, 2023	December 31, 2022
Other current liabilities	Subsidiaries:		
	DPXM	$ 9,672	9,242
	FTWJ	179,994	163,015
	An Associate-BVLB	-	255,702
		$ 189,666	**427,959**

The above transactions were mainly due to the Company's advance receipt deriving from the return of capital from an associate and the payment of customer supply materials payable to subsidiaries. For relevant information, please refer to Note 6 (9).

(vi) Contract liability

The Company's other current liabilities are as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Contract liabilities	Ultimate parent company-AUO	$ 364	3,679
	Other related parties:		
	ADPHQ	710	11,330
		$ 1,074	**15,009**

The relevant information, please refer to None 6(16).

(vii) Other related party transactions：

	Amounts	
	2023	**2022**
Ultimate parent company- AUO - Other expenses	$ 3,357	5,083
Subsidiaries- Other expenses	366	455
Other related party- Other expenses	7,212	8,124
Ultimate parent company- AUO - Other revenue	11,048	5,525
Subsidiaries- FTWJ - Other revenue	1,792	5,677
Subsidiaries- DPXM-Other revenue	89,613	73,246
Other related parties- Other revenue	807	4,005

All outstanding balances with the above related parties should be settled in cash within three months after the reporting date, in which the general fee payment is deemed to be the current month's payment. Furthermore, the above transaction prices were not significantly different from those of the ordinary transactions.

In 2023 and 2022, the Company purchased semi-finished products from its subsidiary, wherein certain materials used for producing the semi-finished products amounting to $5,718,129 thousand and $5,523,197 thousand, respectively, were purchased from the Company. All purchases and sales of the above transactions were expressed in net amounts. The relevant accounts receivable and accounts payable which were non-compliant with the conditions of the disposal were recognized as other receivables and other payables.

(viii) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	2023	**2022**
Subsidiaries	$ 1,840	4,199
Other related parties	2,902	-
	$ 4,742	**4,199**

For the above-mentioned purchases of other equipment from related parties, the unpaid balance of the Company were $1,613 thousand and $0 as of December 31, 2023 and 2022, respectively, which recorded under other payables to related parties. For detailed information on property, plant and equipment please refer to Note 6(7).

(Continued)

2) Disposal of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	2023		2022	
	Proceeds from disposal	Gains on disposal	Proceeds from disposal	Gains on disposal
Subsidiaries	$ -	-	2,832	1,034

The Company's receivables incurred from the sale of other equipment to related parties mentioned above had be received as of December 31, 2022. For detailed information about real estate, plant and equipment, please refer to Note 6(7).

(ix) Leases

1) Rental expenses

The details of the rental expenses incurred by the Company for renting workshops from related parties in the 2023 and 2022 were as follows:

	2023	2022
Ultimate parent company-AUO	$ 1,103	1,013
Other related parties	507	189
	$ 1,610	1,202

The payment terms of the Company for renting workshops to related parties are three months in one installment, with payment before the 25th of the first month. There was no significant difference between the transaction price and the general price.

2) Rental income

The details of the rental income generated by the Company from renting out business equipment to related parties in 2023 and 2022 were as follows:

	2023	2022
Other related parties	$ 602	732

(Continued)

(4) **Key management personnel compensation**

Key management personnel compensation comprised the following:

	2023	2022
Short-term employee benefits	$ 42,078	41,369
Post-employment benefits	315	243
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	$ 42,393	41,612

8 Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land	Guarantee for Bank loans	$ 909,333	909,333
Building	Guarantee for Bank loans	672,868	698,101
Other financial asstes-restricted bank deposits	Guarantee for Bank loans (Note 1)	691,155	921,960
		$ 2,273,356	2,529,394

Note1: Time deposits that were used to pledge to the banks for the issuance of secured letters of credit as security for other borrowings were recognized as other financial assets restricted bank deposits. Please refer to Note 6(10) for information on other disclosures of borrowing, and Note 9 for the disclosures of opened and unused letters of credit.

9 Commitments and contingencies:

(a) Unrecognized contractual commitments

The Company's unrecognized contractual commitments were as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	$ 37,288	37,168

(b) Outstanding standby letter of credit

	December 31, 2023	December 31, 2022
Outstanding standby letter of credit	$ 691,155	921,960

(Continued)

10 Losses Due to Major Disasters:None

11 Subsequent Events:None

12 Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By funtion / By item	For the year ended December 31					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	192,210	485,047	677,257	223,020	464,186	687,206
Labor and health insurance	17,993	33,923	51,916	21,457	33,287	54,744
Pension	7,066	19,133	26,199	8,416	19,158	27,574
Remuneration of directors	-	11,327	11,327	-	11,961	11,961
Others	14,529	17,600	32,129	16,772	21,109	37,881
Depreciation	223,747	34,840	258,587	250,534	65,794	316,328
Amortization	-	-	-	-	-	-

The number of employees of the Company in 2023 and 2022 is 560 and 596 respectively, of which the number of directors who are not employees are 5 and 5 respectively.

Additional information of the number of employees and employees benefits of the Company in 2023 and 2022 were as follows:

	2023	2022
The number of employees	560	596
The number of directors excluding the employees	5	5
The average of employees' benefits	1,419	1,366
The average of salary	1,220	1,163
The average of salary adjustment	4.90%	9.20%
Remuneration of supervisor	-	-

(Continued)

(i) **Employee payroll and benefit policy**

1) The Company is committed to provide remuneration and benefits, and implement the goals for gender equality and equal payment to attract outstanding talents. The Company will also compensate its employees for their contributions. As for the payroll system, the Company will take a comprehensive consideration based on market salary standards, external competitiveness and internal fairness of talents, labor market supply and demand, overall economic indicators, etc. It will also design a salary system that is competitive and compliance with the local laws and regulations while simultaneously taking into consideration its personnel's academic background, professional technical capabilities and work qualifications. Gender, religion, race, nationality, political stance, marital status, trade union, will all share the same remuneration and benefit.

2) The Company has established a performance review mechanism, wherein it will evaluate its employees' performance every mid and end of the year in order to strengthen its organizational effectiveness and enhance its employee capabilities. Promotion is based on the ability and qualifications of each individual; and factors such as age, gender or region will not be taken in consideration. In addition, employees can share the profitability and compensation based on the Company's operating performance.

(ii) **Remuneration policy for directors and managers:**

The Remuneration Committee and the Board of Directors have been authorized to evaluate the remuneration for directors and managers in accordance with their participation and contribution, where both factors shall be negotiated based on the standards of the industry. In response to the competitive environment of the industry, both corporate transformation and organizational restructuring cost have substantially increased, reward to the director are according to their responsibilities.

According to Article 18, if the Company makes profit in the year, the remuneration to directors shall not exceed 1% of the earnings, which will result in the correlation between operating performance and changes in remuneration to be reasonable.

Manager's remuneration includes salary, bonus, employee remuneration and pension benefits, wherein the employee's position, responsibilities, contributions to the Company and the level of other industry, are being taken into consideration. Furthermore, the future operational risks, which is positively related to the business performance, will also be taken into consideration. Manager's remuneration is evaluated by the Remuneration Committee and approved by the Board of Directors.

13 Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:Please refer to Table 1 attached.

(ii) Guarantees and endorsements for other parties:Please refer to Table 2 attached.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):Please refer to Table 3 attached.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:Please refer to Table 4 attached.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:Please refer to Table 5 attached.

(ix) Trading in derivative instruments:None.

(2) Information on investees: Please refer to Table 6 attached.

(3) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:Please refer to Table 7 attached.

(ii) Limitation on investment in Mainland China:Please refer to Table 7 attached.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
AUO Corporation	190,107,961	28.56%
Konly Venture Corp.	42,598,076	6.40%
Ronly Venture Corp.	40,509,046	6.08%

14 Segment information:

The Company has provided the disclosure of the operating segments in its consolidated financial statements. Thus, the disclosure of the segment information in the parent-company-only financial statements is no longer required.

(Continued)

DARWIN PRECISIONS CORPORATION

Financings Provided

For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related party	Maximum the Balance for the Period	Ending balance (Note3)	Amount Actually Drawn Down (Note3)	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Limits on Financing Company's Total Financing Amount (Note 3)
													Item	Value		
1	FPWJ	FTWJ	Other receivables from related parties	Yes	444,850	431,520	215,760 (Note 2)	Adjusted by base lending rate of LPR of China	Needs for short-term financing	-	Operating capital	-	-	-	738,687 (Note 1)	738,687 (Note 1)

Note1: The limit amount for lending to a company shall not exceed the net worth of the lending company. The total amount for lending shall not exceed the net worth of the lending company.

Note2: All inter-company transactions among the Group have been eliminated in the consolidated financial statements.

Note3: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

DARWIN PRECISIONS CORPORATION

Endorsements/Guarantees Provided

For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 2

NO.	Endorser / Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
1	FPWJ	FTWJ	4	295,475	222,425	-	-	-	- %	295,475	NO	NO	YES

Note 1：The relationship between the endorsement guarantor and the endorsed guarantor is as follows:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint buliders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note2：The maximum endorsement/guarantee balance for the period represents the highest amount in New Taiwan Dollar announced or occurred during the period.

Note3：The ending balance represents the amounts approved by the Board of Directors.

Note4：Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note5：The policy for the limit of total endorsement/guarantee amount and the limit on endorsement/guarantee amount provided to each party are prescribed as follows:

FPWJ ：The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of the net worth of the endorser/guarantor as stated in its latest financial statement.

DARWIN PRECISIONS CORPORATION

Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)

December 31, 2023

(Amount in thousands of New Taiwan Dollars and and foreign currencies indicated, shares in thousands)

Table 3

Name of holder	Type and name of security	Relationship with the Securities Issuer	Financial Statement Account	Ending balance				Maximum Percentage of ownership for the period	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
The Company	Stock-D8AI INC.	-	Financial assets at fair value through other comprehensive profit and loss－non-current	8,400	11,149	4.64%	11,149	4.91%	
The Company	Stock-DISIGN Incorporated	-	Financial assets at fair value through other comprehensive profit and loss－non-current	2	10,714	19.89%	10,714	19.89%	
The Company	STOCK-HUAI I PRECISION TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive profit and loss－non-current	2,914	34,968	10.00%	34,968	10.00%	
The Company	STOCK-EVERTRUST TECHNOLOGY LTD.	-	Financial assets at fair value through other comprehensive profit and loss－non-current	150	1,500	16.13%	1,500	16.13%	

All marketable securities had not been pledged as collateral for borrowings, guarantees and others which restricted by agreement.

DARWIN PRECISIONS CORPORATION

Purchases from or Sales to Related Parties with Amounts Exceeding NT$100 Million or 20% of the Paid-in Capital

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 4

Company Name	Counter party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 2)	Credit Terms (Note 2)	Ending Balance	Percentage of Total Notes /Accounts Receivable (Payable)	
The Company	DPXM	Grandson of DPLB	Purchases	1,777,682	22%	EOM 90 Days	-		(472,779)	(21)%	Note 1
〃	FTWJ	Grandson of FHVI	〃	4,805,636	60%	EOM 90 Days	-		(1,607,699)	(70)%	〃
FTWJ	Lextar	Substantive related party	〃	CNY 84,784	13%	EOM 120 Days	-		CNY (26,457)	(4)%	
The Company	AUO	Ultimate parent company	Sales	(2,780,342)	(35)%	EOM 60 Days	-		409,822	19%	
〃	AUOSZ	Grandson of AUO	〃	(1,418,307)	(18)%	EOM 120 Days	-		472,024	22%	
〃	AUOXM	Grandson of AUO	〃	(1,511,810)	(19)%	EOM 120 Days	-		480,463	22%	
〃	AUOKS	Grandson of AUO	〃	(584,857)	(7)%	EOM 120 Days	-		279,949	13%	
DPXM	AUOXM	Grandson of AUO	〃	CNY (34,894)	(1)%	EOM 120 Days	-		CNY 15,978	3%	
〃	The Company	Parent company	〃	CNY (403,409)	(15)%	EOM 90 Days	-		CNY 109,095	19%	Note 1
FTWJ	The Company	Parent company	〃	CNY (1,090,013)	(99)%	EOM 90 Days	-		CNY 370,847	100%	〃

Note 1：All inter-company transactions among the company and its subsidiaries have been eliminated in the consolidated financial statements.

Note 2：Transaction terms with related parties were similar to those with third parties. Except for those particular transactions with no similar transactions to compare with, their transaction terms were determined based on mutual agreements.

DARWIN PRECISIONS CORPORATION

Receivables from Related Parties with Amounts Exceeding NT$100 Million or 20% of the Paid-in Capital

December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Counter party	Relationship	Ending Balance of Receivables (Note 1,2)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	AUO	Ultimate parent company	409,822	6.34	25,328	Continuous collection	-	-
〃	AUOSZ	Grandson of AUO	472,024	3.42	-	-	-	-
〃	AUOXM	Grandson of AUO	480,463	3.46	-	-	-	-
〃	AUOKS	Grandson of AUO	279,949	3.20	-	-	-	-
〃	FTWJ	Grandson of the FHVI	1,405,622	Note 1	-	-	489,370	-
DPXM	The Company	Parent company	CNY 116,305	Note 1	-	-	-	-
FTWJ	The Company	Parent company	CNY 792,917	Note 1	-	-	CNY 219,941	-
FPWJ	FTWJ	Grandson of the FHVI	CNY 50,648	Note 1	-	-	-	-

Note1：Including other receivables from transactions not related to ordinary sales.

Note2：All inter-company transactions among the Company and its subsidiaries have been eliminated in the consolidated financial statements.

DARWIN PRECISIONS CORPORATION

Information on Investees (Excluding Information on Investment in Mainland China)

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 6

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Percentage of ownership during the year	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount				
The Company	DPLB	Malaysia	Holding company	3,877,666	4,350,631	76,846	100.00%	4,683,810	100.00%	786,298	798,676	Subsidiary (Note 2)
"	FHVI	BVI	"	2,362,321	2,362,321	22,006	100.00%	1,983,341	100.00%	92,960	91,817	Subsidiary (Note 1)
"	FFMI	Mauritius	"	274,700	274,700	653	100.00%	123,788	100.00%	10,083	9,913	Subsidiary (Note 1)
"	BVLB	Malaysia	"	-	1,051,289	-	- %	-	29.71%	-	-	Associate
"	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00%	12,462	40.00%	2,165	866	Associate
"	Shine Biomedical Technology Corporation	R.O.C.	Development, design, manufacture and trading of facial masks and cosmetics	36,720	-	3,672	34.00%	36,676	40.00%	(130)	(48)	Associate
DPLB	DPHK	Hong Kong	Holding company	USD 87,785	USD 103,785	10	100.00%	USD 154,088	100.00%	USD 25,218	USD 25,218	Subsidiary (Note 3)
FHVI	FTMI	Mauritius	"	USD 6,503	USD 6,503	6,503	100.00%	USD 49,944	100.00%	USD 2,415	USD 2,415	Subsidiary
"	FWSA	Samoa	"	USD 19,000	USD 19,000	19,000	100.00%	USD 16,104	100.00%	USD 567	USD 567	Subsidiary

Note 1：The difference is the amortization of the difference between the investment cost and the net equity value.

Note 2：The difference is the amortization of the difference between the upstream unrealized gross profit and the investment cost and the net equity value.

Note 3：The registration of the alteration of DPHK's common stock has not been completed.

DARWIN PRECISIONS CORPORATION
Information on Investment in Mainland China

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

1. Related information on investment in Mainland China：

Investee Company	Main Activities	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31,2023	Net Income of Investee (Notes 4)	Ownership through Direct or Indirect Investment	Maximum Percentage of ownership for the period	Investor's Share of Profit (Loss) of Investee (Notes 4)	Carrying Amount of the Investment as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31,2023
					Outflow	Inflow							
DPSZ	Manufacturing and sales of backlight module and related parts	- USD -	Note 1	460,770 USD 15,000	-	460,770 USD 15,000	- USD -	3,939 USD 126	- %	100.00%	3,939 USD 126	- USD -	2,563,941 USD 83,467
DPXM	Manufacturing and sales of liquid crystal products, backlight module and related parts	2,150,260 USD 70,000	Note 1	2,150,260 USD 70,000	-	-	2,150,260 USD 70,000	760,082 USD 24,377	100.00%	100.00%	760,082 USD 24,377	4,733,277 USD 154,088	1,931,982 USD 62,894
FTWJ	Manufacturing and sales of backlight module and related parts	1,075,130 USD 35,000 (Note 5)	Note 1	199,667 USD 6,500	-	-	199,667 USD 6,500	65,997 USD 2,117	100.00%	100.00%	65,997 USD 2,117	1,290,154 USD 42,000	432,342 USD 14,075
FPWJ	Manufacturing , sales and trading of precision plastic parts	890,822 USD 29,000 (Note 6)	Note 1	583,642 USD 19,000	-	-	583,642 USD 19,000	26,962 USD 865	100.00%	100.00%	26,962 USD 865	738,687 USD 24,047	-
FHWJ	Manufacturing and sales of backlight module and related parts	199,667 USD 6,500	Note 1	251,888 USD 8,200	-	-	251,888 USD 8,200	10,083 USD 323	100.00%	100.00%	10,083 USD 323	74,253 USD 2,417	-

DARWIN PRECISIONS CORPORATION
Information on Investment in Mainland China

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

2.Upper limit on investment in Mainland China：

Accumulated Investment in Mainland China as of December 31, 2023(Notes 3)	Investment Amounts Authorized by the Investment Commission, MOEA(Notes 3 and 7)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 2)
3,185,457 (USD103,700)	5,142,511 (USD167,410)	5,533,063

Note1：Indirect investments in Mainland China through companies registered in a third region.

Note2：Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Company's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note3：If the relevant figures in this table involve foreign currencies, they will be translated into New Taiwan dollars based on the exchange rate on the reporting date. If they are assets and liabilities, they will be translated at the spot exchange rate; if they are profit or loss accounts, they will be translated at the average exchange rate.

Note4：Amounts were recognized based on the investees' audited financial statements.

Note5：The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.

Note6：The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.

Note7：The accumulated investment amounts authorized by the Investment Commission, MOEA is USD248,526 thousand (including the capitalization of retained earnings of USD81,116 thousand). In addition, the repatriation of surplus USD194,050 thousand can be used to deduct the accumulated amount of investment.

DARWIN PRECISIONS CORPORATION

Statement of cash and cash equivalents

December 31, 2023

(In thousands of New Taiwan Dollars, unless otherwise indicated)

Item	Description		Amount	
Cash in bank	Demand deposits		$	224,414
	Foreign currency deposit (Note)	USD32,824 thousand		1,008,274
		JPY9,955 thousand		2,163
		EUR139 thousand		4,708
	Time deposit			1,200,000
	Foreign currency time deposit (Note)	USD32,824 thousand		1,059,771
Total			**$**	**3,499,330**

Note：Exchange Rates at balance sheet date was as follows：

USD：30.7180
JPY：0.2173
EUR：33.9710

DARWIN PRECISIONS CORPORATION

Statement of accounts receivable

December 31, 2023

(In thousands of New Taiwan Dollars)

Customer	Description	Amount	Note
Non-related parties:			
Company A	Operating	$ 144,451	
Other	〃	278,091	Less than 5% for each customer
Subtotal		422,542	
Deduct: Allowance for bad debts		-	
		422,542	
Related parties:			
AUOXM	〃	480,463	
AUOSZ	〃	472,024	
AUO	〃	409,822	
AUOKS	〃	279,949	
FTWJ	〃	104,365	
Other	〃	11,984	Less than 5% for each customer
Subtotal		1,758,607	
		$ 2,181,149	

DARWIN PRECISIONS CORPORATION

Statement of other receivables

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other receivable-Others	Interest receivable and benefits	$ 5,856	
Other receivable-Related parties	Purchased raw materials and semi-finished goods	1,385,115	
Total		**$ 1,390,971**	

Statement of inventories

Item	Amount		Note
	Cost	Market Value	
Raw materials	$ 97,343	98,555	Net realizable value
Work in progress	6,209	6,209	Net realizable value
Finished goods	84,766	86,376	Net realizable value
Goods	31,604	31,604	Net realizable value
Inventory in transit	17,485	17,485	Net realizable value
Total	**$ 237,407**	**240,229**	

DARWIN PRECISIONS CORPORATION

Statement of other current assets

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayment	Prepaid taxes, loan and insurance	$ 14,466	
Overpaid sales tax	Overpaid sales tax	4,601	
Temporary payments	Service fees, software and video production	2,729	
Other		3,280	
Total		**$ 25,076**	

DARWIN PRECISIONS CORPORATION

Statement of financial assets at fair value through other comprehensive income - noncurrent

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Name of Associates	Beginning balance		Increase during the period		Decrease during the period		Adjustment		Ending balance		Pledged as Collateral	Note
	Share	Book Value	Share	Amount	Share	Amount	Share	Amount	Share	Book Value		
Wibase Industrial Solutions Inc.	3,536	$ 42,432	-	-	3,536	53,762	-	11,330	-	-	None	-
DISIGN Incorporated	2	10,714	-	-	-	-	-	-	2	10,714	None	-
Huai I Precision Technology Co.,	2,914	34,968	-	-	-	-	-	-	2,914	34,968	None	-
Evertrust Technology Ltd.	150	1,500	-	-	-	-	-	-	150	1,500	None	-
D8AI INC.	8,400	8,649	-	-	-	-	-	2,500	8,400	11,149	None	-
Total		$ 98,263		-		53,762		13,830		58,331		

DARWIN PRECISIONS CORPORATION

Statement of investments in equity–accounted investees

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

	Beginning balance		Addition		Decrease						Ending balance			Market value or net asset value (Note 1)			
Investee name	Shares	Amount	Shares	Amount	Shares	Amount	Share of profit (loss) from Equity Method	Exchange differences on translations of foreign financial statements	Cash divided	Capital surplus	Shares	Percentage of ownership	Amount	Unit price	Total amount	Pledged as collateral	Note
Forhouse International Holding Ltd.	22,006	$ 1,934,694	-	-	-	-	91,817	(43,170)	-	-	22,006	100%	1,983,341	92.20	2,028,914	None	Note 2
Forefront Corporation	653	115,435	-	-	-	-	9,913	(1,560)	-	-	653	100%	123,788	113.73	74,265	〃	Note 2
Darwin Precisions (L) Corp.	91,846	5,332,878	-	-	(15,000)	(472,965)	798,676	(123,876)	(850,903)	-	76,846	100%	4,683,810	61.59	4,733,291	〃	Note 3
Briview (L) Corp.	36,000	245,929	-	-	(36,000)	(248,729)	-	2,800	-	-	-	- %	-	-	-	〃	Note 4
Shine Biomedical Technology Corporation	-	-	3,672	36,720	-	-	(48)	-	-	4	3,672	34%	36,676	9.99	36,676	〃	
Darwin Summit Corporation Ltd.	40	11,481	-	-	-	-	866	115	-	-	40	40%	12,462	311.55	12,462	〃	
		$ 7,640,417		36,720		(721,694)	901,224	(165,691)	(850,903)	4			6,840,077		6,885,608		

Note 1：If there is a market value, the public market price is disclosed; and if there is no market price, it is disclosed in net equity value.
Note 2：The difference is the amortization of the difference between the cost investment and the equity net value.
Note 3：The difference is the amortization of the difference between the upstream unrealized gross profit and the investment cost and the net equity value.
Note 4：The registration and legal process of BVLB's liquidation had been completed on September 18, 2023, based on the resolution approved during the Board of Directors on October 12, 2022.

DARWIN PRECISIONS CORPORATION

Statement of property, plant and equipment

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Related information for PP&E financial report please refers to Note 4(11) and Note 6(7).

Statement of accounts payable

December 31, 2023

Vendor	Description	Total	Note
Non-related parties:			
Company A	Payment	$ 61,007	
Company B	〃	33,543	
Company C	〃	21,031	
Company D	〃	10,686	
Others	〃	58,130	Less than 5% for each vendor
Subtotal		184,397	
Related parties:			
FTWJ	〃	1,607,699	
DPXM	〃	472,779	
Others	〃	19,491	Less than 5% for each vendor
Subtotal		2,099,969	
Total		**$ 2,284,366**	

DARWIN PRECISIONS CORPORATION

Statement of others payable

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount
Others payable - related parties	Processing fees	$ 1,863,900
Others payable - non-related parties	Payroll and Bonus	307,353
〃	Royalty	3,858
〃	Others	110,566
		$ 2,285,677

Statement of other current liabilities

Item	Description	Amount
Customer supply materials payable	Customer supply materials	$ 189,666
Temporary receipts	Temporary receipts	16,517
Others	Collections	7,351
		$ 213,534

DARWIN PRECISIONS CORPORATION

Statement of long-term loan payable and current portion of long-term loan

December 31, 2023

(In thousands of New Taiwan Dollars)

Creditor	Type of Loan	Borrowing Amount: Due within one year	Borrowing Amount: Due more than one year	Due date	Interest Rate	Pledged as Collateral
O-Bank Co., Ltd.	Unsecured bank loan	$ -	300,000	2023.04~2025.04		None
Taishin International Bank	"	-	200,000	2023.06~2025.06		None
Shin-Kong Commercial Bank	"	-	300,000	2021.11~2025.01		None
KGZ Commercial Bank	"	-	300,000	2023.09~2025.09		None
Chang Hwa Commercial Bank, Ltd.	"	-	80,000	2021.12~2026.12		None
Hua Nan Commercial Bank	"	151,680	126,400	2020.10~2025.10		None
Mega International Commercial Bank	"	-	100,000	2022.07~2025.07		None
Land Bank of Taiwan	Secured bank loan	31,502	231,017	2017.04~2032.04		Yes
Non-financial institution	"	307,180	383,975	2022.03~2026.03		Yes
		$ 490,362	2,021,392		1.50% ~2.1%	

DARWIN PRECISIONS CORPORATION

Operating income statement

December 31, 2023

(In thousands of New Taiwan Dollars)

Item		Amount
Optoelectronic technology products and peripheral components	$	4,297,530
LCD TV and module foundry		3,730,000
	$	**8,027,530**

DARWIN PRECISIONS CORPORATION

Operating cost statement

December 31, 2023

(In thousands of New Taiwan Dollars)

Item		Amount
Cost of sales from manufacturing		
Raw materials, beginning of year	$	85,870
Semi-finished goods, beginning of year		238
Add: Purchases		893,549
Deduct: Raw materials, end of year		(105,992)
Sale of raw material and semi-finished goods		(12,944)
Others		(22,204)
Direct Material		838,517
Direct Labor		95,188
Manufacturing expenses		473,799
Manufacturing Cost		1,407,504
Add: WIP, beginning of year		18,522
Others		76,331
Deduct: WIP, end of year		(6,799)
Finished Good Cost		1,495,558
Add: Finished good, beginning of year		75,019
Purchases		171,161
Deduct: Finished good, end of year		(90,271)
Others		(76,331)
Cost of sales from manufacturing		1,575,136
Outsourced cost of good sold		
Add: Finished goods, beginning of year		243,866
Inventories in transit, beginning of year		23,063
Purchases		6,573,537
Deduct: Finished goods, end of year		(215,131)
Inventories in transit, end of year		(17,485)
Others		(85,844)
Cost of good purchase		6,522,006
Total cost of good sold		8,097,142
Sales of material and semi-finished goods		12,944
Gain on valuations and scrap of inventories		(7,783)
Unallocated fixed manufacturing expenses		9,190
Income from sale of scraps		(293)
	$	**8,111,200**

DARWIN PRECISIONS CORPORATION

Selling, administration and R&D expenses

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Selling expense	Administration Expense	Research and Development Expense
Salary	$ 101,252	189,764	194,031
Depreciation	73	13,628	21,139
Indirect material	2,041	-	28,506
Others Expense(Note)	35,373	113,248	107,670
	$ 138,739	**316,640**	**351,346**

Note: Amounts with less than 5% for each item shall not be disclosed separately.

DARWIN PRECISIONS CORPORATION

Representative: Kuo-Hsin (Michael) Tsai

DARWIN

Passion
Quality
Innovation