



Vision

To be the best company with commitment to business excellence and sustainability.

Mission

The world's most trusted provider of electronic components.

Core Value

In line with the founding spirit of "Integrity, Practicality, Innovation, Service", and the organization and management culture of "Harmony, Unity, and High Efficiency", the two are compatible to form the core value of Taiwan Crystal Technology.

Whether it is internally or externally, to people or to things.

Honesty is always our most fundamental and important requirement, mutual trust fulfills every prudent promise; establish comprehensive quality and risk awareness, seek truth from facts, look into the bottom line, and look to the future for healthy development; continuous improvement and excellence, and continuous pursuit of operation, management, technology, and marketing Innovate in all aspects; adhere to high-quality growth, provide services attentively, and achieve every task entrusted to obtain the full trust of employees, customers, shareholders, business partners and the market.

Whether it is employees, customers, shareholders, business partners, or even society or the region.

People and the environment are always the important lifeline supporting the survival and development of an enterprise, and we attach great importance to the development and maintenance of sustainable and harmonious relations of interest. We use a kind heart, people-oriented, treat employees kindly, and create a happy corporate culture. We use a responsible heart to implement company management and governance, create value for shareholders and customers, and fulfill our corporate social responsibilities and obligations as a global citizen.

We pay attention to discipline, but not red tape. We are open to communication, but not in a bureaucratic manner.

We respect the individual, but don't follow suit. We value efficiency, but don't compromise quality.

We are convinced that only teamwork can be united, go all out to implement effectively, and be unafraid of challenges. Maintaining common values can achieve our mission and move towards our vision.

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Chapter 1 Letter to Shareholders

Dear Shareholders,

2023 is an eventful year full of difficulties and hopes; major changes have taken place in global politics, military, economy, environment, and science and technology. The conflict between China and the United States continues to escalate, the Russia-Ukraine war has reached a stalemate, the Israeli-Palestinian war has broken out, interest rates have risen beyond expectations and inflation has exceeded expectations, bank failures have triggered financial crises, international gold prices have repeatedly hit record highs, central banks of various countries have accumulated large amounts of gold, and shipping in the Middle East has been disrupted. End consumer demand is sluggish, global extreme temperatures have broken historical records, artificial intelligence has swept the world, and hundreds of new energy vehicle manufacturers are competing. Faced with various factors in the general environment, TXC Corporation have actively worked hard to respond comprehensively, exerted resilience and worked tirelessly to jointly create profitable results that lead the industry. Although the full-year results were not as good as expected, TXC Corporation is still full of healthy momentum and continues to move forward.

I. 2023 Operation Results

(I) Consolidated revenue and net profit

Unit: NT\$1,000

Items \ Year	2023	2022	Increase (Decrease) Amount	Change Rate (%)
Net Revenue	10,850,402	13,169,688	(2,319,286)	(17.61)
Gross Profit	3,860,007	5,030,838	(1,170,831)	(23.27)
Net Profit	1,713,702	2,805,504	(1,091,802)	(38.92)

Consolidated statement of income and profitability

Item	Year	2023	2022
Financial Structure (%)	Debt/Assets Ratio	36.92	37.17
	Long-term Capital/ Fixed Assets Ratio	243.56	245.51
Debt-Paying Ability (%)	Current Ratio	226.75	263.22
	Quick Ratio	172.66	198.69
Profitability (%)	Return on Assets	9.10	13.99
	Return on Equity	14.08	22.24
	Earnings Per Share (NT\$)	5.53	9.06

(II) Budget Execution

The internal budget target set by the company every year does not disclose the financial forecast. The overall revenue and profit will be affected by market demand, industry changes and product structure, and the consolidated sales revenues and net profits in 2023 will reach the budget target of 90.72% and 92.27% respectively.

(III) Research and development

In order to meet the needs of customers and the market, it is long-term technical route to develop high-frequency, high-stability, ultra-small, high-speed, and low phase noise products. 2023 is a critical year for innovative technology and market breakthroughs for TXC Corporation. The capital investment in major transformation in recent years has gradually shown results. The company's product revenue is expanding year by year in the fields of automotive electronics, WiFi, 5G+, communications and intelligent applications. All

wafer-level advanced technology products have begun to be provided to customers for preliminary verification in small quantities. Product research and development, failure mode analysis, automated intelligent production and engineering data analysis platforms have been fully put into use, helping the company to accelerate the development of advanced product technology and improve operational performance to establish a leading position in the industry. The PCF Factory, NGB Factory, and CKG Factory have successively launched technology conversion and upgrade arrangements. At the same time, the third-site production project has begun and will be officially mass-produced in the second half of 2024. Meanwhile, the organization of technical committees and the scope of industry-university cooperation will be expanded to comprehensively promote technological independence and global intellectual property patent layout. By continuously improving operating efficiency, reducing the manufacturing costs of mature products, and accelerating the diffusion of new process technologies, the company will continue to maintain its industry leadership position.

(IV) Occupational safety and health

The company's epidemic prevention command center effectively coordinates and directs epidemic prevention measures and post-epidemic recovery work, coordinates the Information Department, Welfare Committee, Human Resources Department, and Occupational Safety Office to actively master various information resources, combines effective isolation and off-site diversion operations, and tracks colleagues and employees on a daily basis. We will proactively care for the health of all our colleagues, maintain the safety of the factory and employees, and ensure uninterrupted production and operations. Under the leadership of the "Occupational Safety and Health Committee" and the "Labor-Management Conference", we regularly discuss and deal with issues related to occupational safety and health and continue to promote the verification of occupational safety and health management systems, improve safety and health technology, reduce overall operational risks and reduce operating losses. For employee health management, in addition to arranging regular health examinations, we also organize multiple health promotion activities, such as various health lectures, voluntary smoking cessation activities in the workplace, cancer screening activities, physical fitness activities, and voluntary body fat monitoring activities, emotional stress relief and mental health activities, blood pressure monitoring activities, intraocular pressure measurement activities, bone density measurement activities, influenza vaccination activities, and occasional publicity of epidemic prevention precautions, daily body temperature monitoring, etc. in response to the new coronavirus epidemic. To help colleagues strengthen their own health conditions. We also provide immediate assistance and care for occupational accidents and traffic injuries in the factory, and will continue to build a safe working environment to provide the greatest safety protection for our colleagues.

(V) Management system certification

For the maintenance of various management systems, the company continues to conduct certifications including quality management system (ISO9001), automotive industry quality system certification (IATF 16949), environmental management system (ISO14001), Global Responsible Business Alliance (RBA) platinum level qualification, Taiwan Occupational safety and health management system (CNS15506), information security management system (ISO/IEC27001), hazardous substance process management system (IECQ QC 080000), occupational safety and health management system (ISO45001), Taiwan Intellectual Property Management Standard (TIPS) verification level A, the Ministry of Health and Welfare issued the Healthy Workplace Certification-Health Promotion Seal, etc. Continuously submit safety certification quality enterprise (AEO) certification management system-related information every year to maintain the validity of the AEO certificate. In addition, ISO 14064-1 organizes greenhouse gas verification every year. In 2023, we conducted product carbon footprint (ISO 14067) inspections and obtained third-party verification statements. The company will continue to meet and exceed customer requirements.

(VI) Sustainable development of ESG

The company has long valued the balance between business performance and social responsibility. 2023 is a year of major achievements in the company's sustainable development. The company is recognized by the the Taiwan Institute of Directors " Taiwan Best-in-Class 100", Taoyuan City's "Environmental Sustainability-Green Procurement Excellence Award", BSI's "Sustainability Resilience Outstanding Award", and the internationally renowned ESG sustainability assessment agency Sustainalytics' low-risk evaluation, and actively respond to the 2050 net-zero emission path policy. In compliance with government energy conservation and carbon reduction policies and energy regulations, we have obtained ISO50001 energy management system certification. Completed the construction of a rooftop solar power generation system, officially commercialized and obtained a green power certificate in the first quarter of 2023, and signed a 50-million-kWh renewable energy purchase contract. The company continues to implement energy-saving and carbon-reducing plans every year. The company has completed the replacement of high-efficiency lamps in the entire factory, continues to promote energy-saving measures such as process improvement, air compressors and air-conditioning cooling fans, and promotes certification and activities related to green enterprises. The entire group PCF factory, NGB factory, TETC factory and CKG factory have publicly organized greenhouse gas inventory (ISO14064-1). The company adheres to the concept of honest management and actively strengthens corporate governance to safeguard the rights and interests of stakeholders. It has established investment review, audit, and remuneration committees to assist the board of directors in improving corporate governance performance, improving its supervisory functions and strengthening management functions. Every year, the corporate governance evaluation is evaluated for the first tier of listed companies.

II. 2024 Business Plan Summary

(I) Assess the situation-Ecosystem

Focus on the AI, 5G+ and automotive markets, and use the wafer factory as the core to promote smart transformation and technological transformation to achieve the goal of continuous improvement in per capita value and time to Market, actively adjust and build a more competitive global deployment and improve production costs, product technology and operational risks go hand in hand. The proportion of renewable energy will significantly increase from 1.7% in 2023 to 5% in 2024, and is expected to reach at least 30% in 2030. At the same time, an energy management information system will be further established to move energy management and carbon emission management towards digitalization, visualization and meticulousness management. In 2024, the scope of product carbon footprint ISO14067 certification will also be expanded, sustainable supply chain will be implemented, greenhouse gas implementation progress of key supplies will be reviewed, and key suppliers will be coached and encouraged to jointly respond to energy conservation, carbon reduction and effectively control supply chain ecosystem risks.

(II) Efforts and resilience to break through adversity-smart transformation of Wafer fabs

In 2024, wafer factory will enter the mass production stage, and production capacity expansion and technology deepening will continue. In 2024, a number of quantitative indicators for smart transformation have been set, including marketing/supply chain, research and development schedule, per capita output value and photo die output. The company adheres to the strategic goal of smart transformation of "from customer needs to customer satisfaction, realizing full automation of end-to-end data flow", and proposes the stage goal of integrating production, marketing and research. Through continuous improvement of existing and new information application systems, it comprehensively improves marketing, product for maintenance, R&D, manufacturing, supply chain and administrative management operations, use digital tools and process improvements to improve operation and communication efficiency and speed up problem resolution. In terms of product and technology research and development schedules, we will also promote changes in the research and development project management process, implement design reviews more accurately, and combine simulation and system management to improve the research and development efficiency of engineering personnel, and pursue the goal of doing it right the first time and doing it right.

(III) Achieve greater success - pursue continuous growth

Looking at the global situation in 2024, it is still full of uncertainties. The company will continue to assess the situation from the overall perspective of the ecosystem. With the development of technology, it is expected that the application of AI, 5G+ and electric vehicles will be in significant growth in market demand in the next few years, so the company also sets goals for continued growth in 2024. It also hopes that by continuing to increase R&D investment and smart transformation actions, it will continue to strengthen product development speed and improve process capabilities, so as to improve its overall competitiveness and achieve its mission of "the world's most trustworthy electronic component provider".

2024 seems to be full of conflicts and uneasiness, but it actually opens up new and bright hopes for the future. With the restructuring of the global situation and game rules, the rapid development and proliferation of artificial intelligence, and the innovation of 5G+/6G/WiFi next-generation communication technology, it has driven global industrial innovation and development of smarter, faster, more stable, and wider information and communication industrial equipment and Solutions include supercomputing computers, high-speed transmission data centers, artificial intelligence computers and consumer electronics, mobile satellite communications, automotive electronics,

people's livelihood and industrial smart Internet of Things, etc. These applications will provide large and long-term stable demand for quartz frequency components. We are facing a great opportunity for the rapid development of the quartz industry. We must continue to accelerate smart transformation and advanced product technology development, strengthen management to improve the overall competitiveness of the organization, focus on AI, 5G+, and automotive electronics markets, and elevate corporate governance to a higher level. To provide all colleagues, customers, suppliers, partners and investors with better and more valuable development opportunities, and strive to become a top enterprise with excellent performance and sustainable operation.

No matter how the environment changes, opportunities will always only come to those who can clearly see the trends and are already prepared. The fragmentation of the global economy is a fact and will continue. We must recognize the facts and face them bravely. Facts also prove the correctness of the company's past and present business decisions, the discipline of implementation, and the thinking of continuous review and correction. 2024 is the first year for TXC Corporation to move forward into the new century. We will continue to work tirelessly, respond comprehensively, assess the situation, work hard to be resilient, break through adversity, and achieve greater success.

Chairman and CEO : **Lin, Wan-Shing**

President : **Kuo, Ya-Ping**

Chapter 2 Company Profile

I. Date of Incorporation

TXC Corporation is a professional supplier of frequency control components. Since its establishment in 1983, it has been committed to the research and development, design, production and sales of quartz component series products, specializing in the production of high-precision, high-quality quartz crystal resonators (Crystals Units), crystal oscillators (Crystal Oscillators) and other frequency component products, related products can be widely used in mobile communication, telecommunications, information communication and storage computing equipment, Internet of Things (IoT), smart home, artificial intelligence, high-performance computing Cards, medical care, various types of connection technologies, automotive electronics, electric vehicles and other application markets; over the years, we have always aimed to enhance customer value, and strive to surpass customers in terms of price, quality, delivery time, and service. Expect and urge yourself to be the best strategic partner for customers.

II. Company History

- 1983 Founded in Taiwan with US\$95,000 capital.
- 1984 Began production on DIP type crystals and oscillators in Peitou factory.
- 1993 ISO9002 certified.
- 1995 Winner of the 4th National Award of Small and Medium Enterprises.
- 1997 Began production of SMD type crystals and oscillators in Taoyuan factory.
- 1998 Began production of SAW devices. Implemented Oracle ERP system.
- 1999 Established US sales office.
- 2000 Increased capital to US\$25.3 million.
- 2001 IPO'ed with capital increased to US\$37 million.
- 2002 Listed in the Taiwan Stock Exchange(Code-3042), ISO14001 certified.
Ranked among the top 10 worldwide frequency control product manufacturers.
- 2003 Began to offer value-added products(HF CXO/VCXO,OCXO,FX,etc.) for the telecom market.
Began production in new factory in Ningbo, China.
- 2004 Implemented QoS and 6-Sigma management systems. QS9000 certified.
Established US Technology Center.
- 2005 ISO/TS16949 certified.
Ranked number 6 among the worldwide frequency control product manufacturers.
- 2006 Expanding Taoyuan factory. Adding production lines in Taiwan and China. The capacity reached to 70 million units per month. Authorized Capital: US\$57.9 million.
- 2007 New factory in Pingzhen inaugurated, factory expansion project in Ningbo factory launched, Intel presented the Preferred Quality Supplier, promotion of the Six Sigma project to Ningbo plant green belt training, procurement of the Shenzhen office, implementation of employee stock option, CB conversion, and recapitalization of surplus to NT\$2,415,530,000.
- 2008 Simultaneously expanded factories in Pingzhen, Taiwan and Ningbo, China; won Intel's Supplier Continuous Quality Improvement (SCQI) Award; won A+ evaluation for information disclosure and top 10 potential golden torch award; continued to promote the 6-Sigma black belt training program at Ningbo and Pingzhen plants. Set up sales operations in Osaka, Japan and Singapore to promote sales. Issued employee options and implement the treasury stock system. Set up subsidiary TXC Hongkong; execute employee option, CB conversion, surplus conversion to increase capitalization to NT\$2,716,980,000.
- 2009 Second phase of Taiwan Pingzhen and China Ningbo plant expansion initiated, received A+ ranking and top 10 award at sixth annual Information Disclosure and Transparency Ranking, on-the-job training plan launched for personnel at Ningbo and Pingzhen plants, received Preferred Quality Supplier Award recognition again from Intel, strengthen company internal controls to ensure corporate governance

effectiveness, promoted transparency of corporate governance information, exercised employee stock warrants, convertible bonds, capital increase by retained earnings to NT\$2,887.27 million.

- 2010 Issued third convertible bond, received corporate governance system evaluation certification from the Taiwan Corporate Governance Associations, received industry model award for the Technology Industry B group from Commonwealth Magazine, awarded National Quality Award from Executive Yuan, continued to implement 6-Sigma black belt training plan for Ningpo and Pingchen plants, set up sales office in Europe to expand business, purchased offices in Shanghai and Suzhou, started third phase of plant expansion for Taiwan PCF, purchased 5,733 level ground of land, built the factories for new energy business unit, execute employee stock option and increase capital out of earning to 2.971 billion NT dollars.
- 2011 Completion and launch of Taiwan Pingzhen Third-Stage plant expansion and New Energy Division plant, establishment of TXC (Chongqing) Electronics Co., Ltd. production site, established Chongqing All Suns Company Limited and Ningbo Jingyu Company Limited, expansion of European subsidiary, receives A+ grade and top 10 award at Eighth Annual Information Disclosure and Evaluation, passed CGR report review, received Energy Conservation Elite, Outstanding Innovation Award and Commonwealth Corporate Citizen Award, received Taoyuan County Corporate Innovation Award, received ISO50001 Energy Management System, ISO28000 Supplier Chain Management System, ISO27001 Information Security Management System certification, Oracle ERP system upgraded to R12 version, valid assessment of remuneration fairness combined with performance evaluation, establishment of remuneration committee, exercise of employee stock warrants, NT\$3,022,420,000 capital increase by capital surplus.
- 2012 TXC (Chongqing) Corporation plant construction, awarded Authorized Economic Operator (AEO) by the MOF Customs Administration, passed BSI greenhouse gas (ISO 14064-1), product carbon footprint (PAS 2050) inventory, product carbon neutralization (PAS 2060) inventory, given Corporate Citizenship Award by Commonwealth Magazine, received green sustainable enterprise award from BSI, external certification of CSR Report conformed to GRI G3.1 A+ and AA 1000 standards, passed CNS 15506 TOSHMS, awarded ninth annual Information Disclosure and Transparency A++ and top ten ranking, exercised employee stock options, convertible bond and NT\$3,097,579,000 capital increase.
- 2013 Issued fourth convertible bond, TXC (Chongqing) Corporation begin formal mass production, received Taiwan Mittlestadt Award from the Ministry of Economic Affairs, passed review for R&D subsidy for a leading new product development project from the Industrial Development Bureau, was awarded CG6008 Advanced Corporate Governance certification, 10th annual A++ information disclosure assessment rating, passed greenhouse gas inventory (ISO14064-1), product carbon footprint inventory (PAS2050) and product carbon neutrality (PAS2060) verification, named as one of the top 50 Excellence in CSR Award winners by Commonwealth Magazine and a three star 3rd annual Happiest Company Award from the Taipei City Government Department of Labor
- 2014 TXC's Pingzhen Plant, Ningbo Plant and Chongqing Plant expanded in 2014, new offices in Shenzhen and Beijing were bought, won the A++ award for the Eleventh Information Disclosure Assessment, the Fourth Place in the 8th Global Corporate Citizens Award for Pillar Enterprises of Commonwealth Magazine, the 2nd Excellent Enterprise in Hiring Foreign Workers of Taoyuan County Government, the silver award of Taiwan Top50 Enterprises Sustainability Report Award for large high-tech electronics manufacturing industry of Taiwan's Sustainable Energy Research Foundation, and passed certification of Greenhouse Gas Inspection (ISO14064-1), Corporation Sustainability Report, Product Carbon Footprint (PAS2050), Product Carbon Neutralization (PAS 2060), Information Security Management System (ISO 27001), Supply Chain Security Management System (ISO 28000) and Water Footprint for Information Security Launching Award and the GRC Management Paradigm Award by the British Standards Institute.
- 2015 Taiwan Pingzhen factory and TXC (Chongqing) continued production line expansion; successfully renewed "Authorized Economic Operator (AEO)" certification; received 12th "Information Disclosure Evaluation" A++ award; ranked within the top 20% of well-administered companies for the first time; passed "Greenhouse Gas Inspection (ISO14064-1); recognized by Huawei as "2015 Core Supplier"; praised by the British Standards Institution with an "Outstanding Management Model Award"; recognized by Commonwealth Magazine as a "Commonwealth CSR Corporation"; promoted Industry 4.0 intelligent

factory transformations; the company's LED department officially established itself as a separate entity under the name TXC OPTECH Corporation.; the joint venture, Guangdong Failong Crystal Technology Co. Ltd., was officially listed on the Shenzhen Stock Exchange.

- 2016 Taiwan Pingzhen factory, Ningbo factory, and Chongqing factories continue expanding production lines; receives subsidies through the Department of Commerce Department of Industry Manufacturing Upgrade and Innovation Optimization Plan (particulate matter sensor development); ranked within the top 5% of well-administered companies; Awarded Authorized Economic Operator (AEO) certification by the Ministry of Finance, received EPA's Product Carbon Footprint Emission Factor Database Establishment Award, received BSI's Environment Governance Practice Award, BSI occupational safety and health certifications and BSI CSR report verification.
- 2017 Continued expansion of the production lines at Taiwan's Pingzhen Plant, Ningbo Plant and Chongqing plant. The 3rd corporate governance rating ranked within the top 5% of rated companies, received IDB "Corporate Volunteer Award", passed Material Flow Cost Accounting (ISO 14051 MFCA), passed "IATF 16949" verification, awarded "BSI Sustainability Awards", "BSI Occupational safety and health" verification, "BSI CSR AA1000/GRI G4" verification, passed Information Security Management System (ISO 27001) verification, established TXC Foundation.
- 2018 Awarded Authorized Economic Operator (AEO) certification by the Ministry of Finance, established TXC Europe GmbH, Chongqing All Suns Company Limited Real Estate Development Project launched, The 4th corporate governance rating ranked within the top 5% of rated companies, Won the international trade bureau's import certificate of excellence, the approval of the Ministry of Economic Affairs, the research and development project of the Ministry of Economics, Received the "Perpetual Pilot Award" from the British Standards Association
- 2019 Taiwan Pingzhen Plant, Ningbo Plant and Chongqing Plant Continue to Plan Production Line Expansion, The fifth corporate governance evaluation is the top 6% ~ 20% of listed companies, Won the 2019 Huawei Gold Supplier Award, 2019 Xiaomi Core Supplier Award, RBA Sustainable Development Award, Industry Contribution Award from the Ministry of Economic Affairs, INVENTEC Excellent Manufacturer Award, Passed the certification of "ISO 45001 Occupational Safety and Health System", Passed the 108-year industrial upgrading and innovation platform counseling plan of the Ministry of Economics' Science and Technology Research and Development Project, Obtained Taiwan Intellectual Property Management Specification (TIPS) verification level A
- 2020 Taiwan's Pingzhen Plant, Ningbo Plant and Chongqing Plant continue to plan for the expansion of production lines. 90% of the Chongqing All Suns Company Limited Real Estate Development Project was completed and Chongqing Dingsen Commercial Management Co., Ltd. was established, GROWING PROFITS TRADING LTD was completed and the liquidation was completed. The 6th corporate governance evaluation is among the top 6%-20% of listed companies. It has passed the "BSI Corporate Social Responsibility Report AA1000/GRI" verification and passed the BSI "ISO 9001 Quality Management System", "IATF 16949 Automotive Quality Management System", "ISO 27001 Information Security Management System" and other three-year recertification audits, and passed the second year of the "Taiwan Intellectual Property Management Standard Verification Level A" by the Industrial Bureau of the Ministry of Economic Affairs (2016 (Annual Edition)) verified A-level, continuously passed Sony GP certification to obtain GP certificate, passed the 109-year Ministry of Economic Affairs Science and Technology Research and Development Project Industrial Upgrade Innovation Platform Guidance Program, won the British Standards Institute's "Sustainable Resilience Outstanding Award", won the economic Ministry of Industry Bureau Pingzhen Industrial Zone Service Center awarded the "Park Green and Beautification Adoption Performance Outstanding Award"
- 2021 TXC issued the 5th convertible corporate bond, was awarded the top 6%~20% of listed companies in the 7th Taiwan Corporate Governance Evaluation, passed the verification of "BSI Corporate Social Responsibility Report AA1000/GRI", passed BSI "IATF 16949 Automotive "Quality Management System", "ISO14001 Environmental Management System", "ISO 45001 Occupational Safety and Health System", "ISO 27001 Information Security Management System" and other certification transitions, won the "Sustainable Resilience Pilot Award" from the British Standards Institute, researched and developed Ultra-small thermostatically controlled quartz crystal oscillator (OCXO) and ultra-low phase noise temperature compensated quartz oscillator (TCXO) and other products; TXC (NINGBO) CORPORATION invested in the establishment of TETC CORP. NINGBO and TXC (NINGBO) CORPORATION continued to pass China's national high-tech Enterprise certification; TXC

(CHONGQING) CORPORATION continues to pass China's national high-tech enterprise certification, and has won the Chongqing High-tech Zone Enterprise Innovation R&D Center and the Chongqing Small and Medium-Sized Enterprise Hidden Champion

2022 Ranked among the top 6%~20% of listed companies in the 8th Taiwan Corporate Governance Evaluation, low-risk evaluation by Sustainalytics, an ESG sustainability evaluation agency, won the Best Quality Award and the Best Supplier Award from major customers, and won the BSI Sustainable Resilience Pilot Award, Taoyuan City Happy Enterprise and Xingping Enterprise Double Gold Medal Award; passed the Taiwan Intellectual Property Management Standard (TIPS) verification of Class A renewal certificate; developed and launched the industry's smallest size 5032 package and published ppt Level temperature and frequency stability constant temperature control quartz crystal oscillator device (OCXO) products. Taijing Ningbo Factory passed the "Intellectual Property Management System" and "Enterprise Safety Production Standardization (Light Industry) Level 3" certification renewal review, and won the honorary title of national intellectual property advantage enterprise. Taijing's Chongqing factory has continuously passed the certification of China's national high-tech enterprise, and has been awarded the title of Specialized Special New National Little Giant and National Key Little Giant Enterprise. Ningbo Jingchuang has obtained "ISO14001 Environmental Management", "ISO9001 Quality Management", "IATF16949 Automobile Management", "QC080000 Hazardous Substance Process Management" and other system certifications, and has obtained high-tech certification and Zhejiang Science and Technology SME Certificate.

2023 Ranked among the top 6%~20% of listed companies in the 9th Taiwan Corporate Governance Evaluation, low-risk evaluation by Sustainalytics, an ESG sustainability evaluation agency, TXC Corporation won the "Environmental Sustainability-Green Procurement Excellence Award" from Taoyuan City, the "Sustainability and Resilience Excellence Award" from BSI, and the "Taiwan Best-in-Class 100" from the Taiwan Institute of Directors, completing the product carbon footprint (ISO 14067) interrogation and verification. TXC (NINGBO) CORPORATION "Development and Industrialization of 1008 Metal Package Surface Mount Crystal Oscillator" is included in the key core technology research projects of Beilun District, Ningbo City, and the "Ningbo City Science and Technology Innovation 2025 Major Special Project-Oriented to the Smart Industrial Internet of Things in the 5G Era" Acoustic Sensor Module Development and Manufacturing" obtained the organization registration certificate from the Ningbo Science and Technology Bureau, the data management capability maturity level certification, the Zhejiang Manufacturing Standard Certification, the Customer Collaboration Award, and the honorary title of Ningbo Beilun District Science and Technology Innovation Leading Enterprise. TXC (CHONGQING) CORPORATION won the Silver Award of Chongqing's First Patent Award through the patents of "National Key Little Giant Enterprise" and "A Temperature-Sensing Quartz Crystal Coseonizer", and obtained "National Green Factory" and "Chongqing Intellectual Property Rights" "Advantageous Enterprise", "Chongqing Digital Workshop" and "Chongqing Excellent Unit that Cares for Employees". TETC CORP. NINGBO has passed the "ISO14064-1:2018 Greenhouse Gas Verification Statement" certification and "Intellectual Property Management System" certification, and has obtained Ningbo City's "Jingchuang Automotive Crystal Oscillator Technology R&D Center", "Innovative Small and Medium-sized Enterprises" and "Specialized "Special New Small and Medium Enterprises" honorary title.

Chapter 3 Company Governance

I. Organization

(I) Organizational Structure

December 31, 2023



(II) Responsibilities and functions of major departments

Department	Responsibilities and Functions
Chairman office	<ul style="list-style-type: none"> • The formulation of the company's long-term business development strategy • New technology and investment feasibility risk and business opportunity assessment • Overall financial planning and investment management development • Set the company's new product research and development strategy orientation • Supervision over the operations of overseas subsidiary
Audit Committee	<ul style="list-style-type: none"> • Establishment or modification of the internal control system and the assessment on the effectiveness of internal control system • Establishment or modification of the procedures for material financial business behaviors such as acquisition or disposal of assets, engaging in derivative commodity transactions, capital lending to others, endorsing or providing guarantees for others • Procedures for conduct major financial business activities • Assessment on matters concerning interests of the directors themselves • Assessment on major asset investments, major derivative commodity transactions, capital lending, endorsement or provision of guarantees • Assessment on the offering, issuing or private placement of equity securities • Evaluating the appointment, dismissal or remuneration of a Certified Public Accountant and the appointment or dismissal of a Chief Financial Officer, Chief

Department	Responsibilities and Functions
	Accounting Officer or chief audit executive <ul style="list-style-type: none"> • Review financial reports
Remuneration Committee	<ul style="list-style-type: none"> • Formulate and review the remuneration policies, systems, standards and structures • Regularly evaluate the reasonable basis for the remuneration and performance appraisal of the Company's directors and managers • Regularly supervise the implementation of the remuneration system
Investment Review Committee	<ul style="list-style-type: none"> • Review the company and its subsidiaries' external strategic investments, mergers and acquisitions (including mergers, acquisitions and divisions, etc.), and joint venture investment projects with others, and submit recommendations to the board of directors for discussion • Review the company's and its subsidiaries' investment in new businesses, mergers and acquisitions (including mergers, acquisitions and divisions, etc.), and joint venture investment projects with others, and submit recommendations to the board of directors for discussion • Review the implementation status of existing investment projects every year • Execute related affairs according to the resolutions of the board of directors, and report the results of execution and other related matters to the board of directors
Internal Audit Division	<ul style="list-style-type: none"> • Plan and implement annual audit plans, track the improvement and closure of various missing projects, and regularly report to the board of directors and competent authorities • Subsidiary internal control and audit business supervision • Evaluation and tracking improvement of operating performance indicators of each unit
Sustainable development Committee	<ul style="list-style-type: none"> • Implement corporate governance • Develop a sustainable environment • Maintain social welfare • Strengthen corporate sustainability information disclosure
President Office	<ul style="list-style-type: none"> • The Company's overall operating policies and objectives management, budget planning and setting • All kinds of business supervision and coordination, and management • The advises and implementation on major business decisions
Risk Management Committee	<ul style="list-style-type: none"> • Develop company risk management strategies and policies • Review the appropriateness of the company's risk management structure • Review the appropriateness of the company's risk strategy and risk indicator matrix • Review the operation of the company's major operational risk management identification and actions • Regularly report operational risk management implementation status to the board of directors
Intellectual Property Committee	<ul style="list-style-type: none"> • Regularly update the company's "Intellectual Property Rights List" • Responsible for the company's trademark application review and leading the company's trademark-related matters • Leading the provision and integration of the promotion and release of internal related intellectual property activities • Communicate and coordinate related business related to intellectual property • Internal and external intellectual property related communication and consultation window
Technical Committee	<ul style="list-style-type: none"> • Promote the development of competitive core technologies • Promote the operation efficiency of major technology or product development projects

Department	Responsibilities and Functions
	<ul style="list-style-type: none"> • Operation and management of technical intellectual property • Strengthen the integrated operation of internal and external engineering talents and technical experts
Labor Safety and Hygiene Committee	<ul style="list-style-type: none"> • Suggestions on occupational safety and health policies formulated by the company • Coordinate and advise on occupational safety and health management plans • Review the implementation plan of safety and hygiene education and training • Review the operating environment monitoring plan, monitoring results and measures to be taken • Review health management, occupational disease prevention and health promotion matters • Review various safety and health proposals • Review of automatic inspections and safety and health audits • Review precautions against machinery, equipment or raw materials, material hazards • Review the occupational disaster survey report • Assess on-site safety and health management performance • Review the safety and health management matters of the contracted business • Other matters related to occupational safety and health management
Marketing & Sales Center	<ul style="list-style-type: none"> • Industry/market supply and demand dynamic grasp and cross-analysis • Monitor and analyze the dynamics of competing manufacturers in the same industry • Target customer development and new project introduction • Dynamic control of client applications and product technology trends • Quotation strategy formulation • Customer relationship maintenance and management • The sales cycle includes the improvement of order-taking, shipping and payment collection processes. • Customer after-sales service and satisfaction maintenance
R & D Center	<ul style="list-style-type: none"> • Formulate short, medium and long-term development directions and plans for product and technology research and development • New product R & D and introduction of mass production • New materials R & D and introduction of mass production • Studying, execution and introduction of the R & D project • New product features assessment and marketing development • Planning, promotion, technology transfer and manufacturing for the development of new miniaturized, high precision and highly reliable products • Developing and improving new product equipment, modules, instruments and jigs • Planning, promotion, technology transfer and manufacturing for the development project of new production processes technology • Assist in the trial production and assessment on new product samples from each product-engineering unit • Establish core R&D capabilities and process improvement • Assist business market research to participate in customer product development at an early stage and closely link internal product and technology development directions • Leading the operation of cross-center technology modules, cultivating technical talents and supporting the completion of product projects as scheduled
Manufacturing Center	<ul style="list-style-type: none"> • Coordinating the use of overall production center (Ping-Zhen Plant, Ning-Bo Plant & Chong-Qing Plant) resources (manpower, equipment, production capacity, budget investment, etc.)

Department	Responsibilities and Functions
	<ul style="list-style-type: none"> • Managing the KPIs (Key Performance Indicators) of each production plant under the production center • Executing the production capacity expansion plan required to achieve the Company's operating goals • Acknowledge the overall production strategies and trends of the crystal industry • Manufacturing for the products • Planning and improving the production flow • Improving and developing the production process flow • Management and maintenance operations for the production equipment • Expand the wafer assembly factory and improve the information connection of the production digital system • Construct a healthy constitution for organizational operation and pursue sustainable development
MEMS Center	<ul style="list-style-type: none"> • Fully understand the chip/wafer manufacturing strategies and trends of the overall quartz crystal industry, and coordinate various management matters such as equipment, manpower, and technology under the MEMS Center • Promote various business management policies, promote and implement chip manufacturing, production capacity expansion planning, micro-electromechanical products and technology development required to achieve the company's operating goals • Improvement and development of automated chip/wafer production technology and process flow, as well as planning and execution improvement of production process • Management and maintenance of production equipment • Carry out various production and marketing coordination, material control and delivery management matters • Supervision and implementation of industrial safety and health and environmental management systems
Quality Assurance Center	<ul style="list-style-type: none"> • According to the company's development strategy, formulate and revise the group's quality promotion strategy • Set annual quality goals, and promote the planning, tracking and review of actions to ensure the achievement of goals • Planning and coordinating the organization and personnel performance of the company's quality and hazardous substance systems to ensure their effective operation • Promote quality improvement operations and various quality-related certification systems • Planning and implementing quality control and inspection of incoming materials, wafers, finished products, and shipments • Quality management/service of products, materials and suppliers • Responding to product feedback cases and promoting the effectiveness of internal improvements • Promote the Group's quality management system and quality improvement activities • Promote the automation and intelligence of quality management
Administration Center	<ul style="list-style-type: none"> • Planning and formulating organizational system and departmental responsibilities of the Company • Coordinate the formulation and implementation of the company's business plan • The establishment, implementation and continuous improvement of the company's various management systems and operating procedures

Department	Responsibilities and Functions
	<ul style="list-style-type: none"> • Review on the effectiveness of intended promotion for the Company’s annual budget preparation and review • The generation and analysis of the Company's various accounting processes, costs and financial accounting information • Financial management, capital movement and handling of shares of listed companies • Effectively manage human resources, develop and cultivate talent echelon, establish a good organizational culture and labor-management relations • Implement factory and general administrative tasks to ensure the company’s environmental safety and health • Planning, construction and maintenance management of company network communication and information application systems • The company's smart digital development strategy and information security planning and execution management • Implement business integrity, corporate governance and compliance with laws and regulations • Formulate and promote the implementation of sustainable development (ESG) strategic actions to ensure the sustainable operation of the company • Establish and protect related intellectual property and improve the knowledge management system
Supply Chain Center	<ul style="list-style-type: none"> • Product cost and selling price management, product supply plan formulation and execution • Group capacity allocation planning, production scheduling and management, production and sales balance and inventory management • Order delivery approval and delivery management • Supplier development, supplier development plan promotion, supply (cost, delivery, partnership) management • Purchase operation and process management of equipment, raw materials, wip, finished goods and general supplies • Warehousing, incoming and outgoing packaging and logistics, customs declaration operation management • Supply market data (supply and demand, prices, technology, policies, etc.) aggregation and trend analysis • Management and execution of non-finished products trade and foundry projects
Labor Safety and Hygiene Office	<ul style="list-style-type: none"> • Leading the safety and health review, safety and health risk assessment and other EHS management, as well as being in charge of the planning for the safety and health management system and the enactment of various related procedures • Supervising the safety and health management particulars • Formulating, planning and promoting safety and health management particulars, as well as guiding related departments in the implementation • Responsible for collecting and identifying safety and health related laws and regulations • Responsible for internal and external communication on issues related to safety and health, and provide related consultations

II. Documents of directors, president, vice presidents, associate vice presidents, and managers of each departments and divisions

(I) Directors

1. Director Information

March 30, 2024

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Chairman Lin, Wan-Shing	R.O.C	Male 61~70	2022/05/31	1989/11/05	5,030,722	1.62%	5,030,722	1.62%	75,991	0.02%	0	0%	Master in Management, National Taiwan University of Science and Technology Director and President of TXC Corporation Director and CEO of TXC Corporation Director and CEO of TXC Corporation	Director and CEO of TXC Corporation Chairman of TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED Juristic-person director representative of TXC JAPAN CORPORATION LTD Chairman of TAIWAN CRYSTAL TECHNOLOGY(HK) LTD Corporation Juristic-person director representative of TXC (NINGBO) CORPORATION Juristic-person director representative of TXC (CHONGQING) CORPORATION Juristic-person director representative of Chongqing All Suns Company Limited Supervisor of Ningbo Longying Semiconductor Co., Ltd Chairman of Tai-Shing Electronics Components Corporation Chairman of Liang Shing EcLife Corp. Juristic-person director representative of RFIC TECHNOLOGY CORPORATION Juristic-person director representative of DEPO Auto Parts Ind. Co., Ltd. Supervisor of Piezoelectric Crystal Industries Association of Taiwan

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Director Lin, Jin-Bao	R.O.C	Male 71~80	2022/05/31	1989/11/05	5,987,263	1.93%	5,897,263	1.90%	163	0%	0%	0%	MBA, West Texas A&M University, USA Chairman and Founder of TXC Corporation	Director of TXC Corporation and member of Investment Review Committee of TXC Corporation Director of Tai-Shing Electronics Components Corporation Director of Liang Shing EcLife Corp Juristic-person director representative of Hantic precision technology , Inc Juristic-person director representative of GALLOPWAVE INC. Director of Piezoelectric Crystal Industries Association of Taiwan
Director Kuo, Ya-Ping	R.O.C	Male 51~60	2022/05/31	2019/06/12	430,000	0.14%	308,000	0.10%	0	0%	0	0%	Boston University ,MBA Executive Deputy Vice President and Deputy Vice President of Management Center of TXC Corporation Director and President of TXC Corporation	Director and President of TXC Corporation
Director Chen Chueh, Shang-Hsin	R.O.C	Male 71~80	2022/05/31	2010/06/15	298,212	0.10%	298,212	0.10%	0	0%	0	0%	Master of management, Zhejiang University Director and Vice President of TXC Corporation Director and Deputy CEO of TXC Corporation	Director of TXC Corporation Chairman of TXC (NINGBO) CORPORATION Chairman of TXC (CHONGQING) CORPORATION Chairman of TETC CORP. NINGBO Juristic-person director representative of Chongqing All Suns Company Limited Supervisor of Ningbo Jingyu Company Limited Juristic-person director representative and Vice Chairman of Ningbo Longying Semiconductor Co., Ltd Chairman of Ningbo Xingmao Electronic Technology Co., Ltd Juristic-person director representative of Tai-Shing Electronics Components Corporation

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Director Huang, Hsiang-Lin	R.O.C	Male 51~60	2022/05/31	2019/06/12	3,789,399	1.22%	3,309,399	1.07%	0	0%	0	0%	State University of New York at Albany, Master of Business Administration (MBA) Assistant Vice President of Marketing Center of TXC Corporation Juristic-person director representative and President of TETC CORP. NINGBO	Director of TXC Corporation Juristic-person director representative and President of TETC CORP. NINGBO
Director Hsu, Hsing-Hao	R.O.C	Male 41~50	2022/05/31	2019/06/12	3,006,352	0.97%	3,006,352	0.97%	1,085,299	0.35%	308,026	0.10%	M.S. degree - Electrical and Computer Engineering, Colorado State University Chairman of Kang-Shuo Investment Corporation R&D Manager of K&H MFG. CO., LTD.	Director of TXC Corporation and member of Investment Review Committee of TXC Corporation Director of Golden Biotechnology Corporation Chairman of Kang-Shuo Investment Corporation Director of K&H MFG. CO., LTD.
Director TLC Capital Co.,LTD	-	-	2022/05/31	2010/06/15	1,977,991	0.64%	1,977,991	0.64%	0	0%	0	0%	Director of TXC Corporation	Director of TXC Corporation and member of Investment Review Committee of TXC Corporation Juristic-person director representative of SIMPLO TECHNOLOGY CO., LTD.
Representative Peng, Chih-Chiang	R.O.C	Male 51~60			0	0%	0	0%	0	0%	0	0%	0	0%

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Yu, Shang-Wu	R.O.C	Male 61~70	2022/05/31	2007/06/13	0	0%	0	0%	0	0%	0	0%	Ph.D., Birmingham University Dean of School of Business Administration, Jingwen University of Science and Technology Chair Professor and Dean of the School of Management and Chinese, Yuanpei University of Medical Technology Professor, Director, Dean of Information Management Department of National Taiwan University of Science and Technology Vice President and Dean of School of Management, Tungnan University Distinguished Professor and Dean of School of Information, Takming University of Science and Technology Director (public stock representative) of First Financial Holdings (Shares) Co., Ltd. Juristic-person director representative of the First Bank Juristic-person director representative of International Express Securities Co., Ltd. Public welfare director of the Taiwan Stock Exchange (assigned by the Financial Supervisory Commission) Independent Director of Taisun Int'l (Holding) Corp. Supervisor of Taiwan Economy Research Institute	Professor, Ming Chi University of Technology College of Management and Design Independent Director of VISGENEER INC. Independent Director of TXC Corporation Convenor of Remuneration Committee and Audit Committee of TXC Corporation Member of Investment Review Committee of TXC Corporation

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Tsai, Song-Qi	R.O.C	Male 61~70	2022/05/31	2013/06/19	0	0%	0	0%	0	0%	0	0%	PhD in Accounting, Shanghai University of Finance and Economics Master of Business Administration, National Chengchi University Vice Chairman of KMPG Taiwan Director and CSO of KMPG Taiwan The chief accountant of the Taiwanese Business Group in Mainland China of KMPG Taiwan Director of e-Force Taiwan Co., Ltd.	Adjunct Professor of Accounting, National Dong Hwa University Supervisor of Phalanx Biotech Chairman of EMCC Human Capital Solutions Inc Chairman of Daming Investment Development Co., Ltd. Chairman of Shanghai Management Consulting Co., Ltd. Chairman of DISCOVERY FORMOSA INTERNATIONAL INC. Chairman of Zhishimei co., ltd. Independent Director of TXC Corporation Member Of Remuneration Committee, Audit Committee and Investment Review Committee of TXC Corporation
Independent Director Su, Yan-Syue	R.O.C	Female 51~60	2022/05/31	2016/06/07	0	0%	0	0%	0	0%	0	0%	Master in Industrial Management of Carnegie Mellon University, USA CIO and senior Senior VP of PEGATRON Corporation CIO of ASUSTek Computer Inc. Manager Director of UBS Independent Director of Zhong Yang Technology Co., Ltd Independent Director of AUO Corporation Juristic-person director representative of Kinsus Interconnect Technology Corp. Representer of Yongyu Investment Director of eslite Foundation for Culture and the Arts	Juristic-person director representative of SPOTFILMS CO., LTD. Independent Director of eslite spectrum Corporation Independent Director of Cowell e Holdings Inc Independent Director of UNIVERSAL CEMENT CORPORATION Independent Director of TXC Corporation Convenor of Investment Review Committee of TXC Corporation Member of Remuneration Committee, Audit Committee and Investment Review Committee of TXC Corporation

Title Name	Nationality	Gender Age	Date Elected	Date First Elected	Shares Held When Elected		Shares Currently Held		Share Currently Held by Spouse & Minors		Share Held in the name of others		Major Academic (professional) Experience	Current Position in TXC or Other Companies
					Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Wang, Chuan-Fen	R.O.C	Female 51~60	2022/05/31	2016/06/07	0	0%	0	0%	0	0%	0	0%	Master in Law of Columbia University, USA Legal Master of National Taiwan University International Associate of Simpson Thacher & Bartlett LLP Associate Attorney of Lin & Liu International Law Office	Partner of Chen & Lin Law Firm Independent Director of Lotus Pharmaceutical Co., Ltd. Independent Director of O-Bank Co., Ltd. Independent Director of TXC Corporation Member of Remuneration Committee, Audit Committee and Investment Review Committee of TXC Corporation

When the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, spouses or relatives of each other, the reasons, rationality, necessity, future improvement measures and other relevant information shall be stated:

The CEO of the company is responsible for the planning and implementation of the company's long-term business development strategy, the overall management of the group's business team and reporting to the board of directors, while the president is responsible for the planning and management of the daily operation of each plant area. The chairman of the board of directors of the company also serves as the CEO. The company is expected to plan and implement the company's long-term business development strategy in the direction of the concept of sustainable operation, and clearly divide the functions and powers of the chairman, the CEO and the president. In addition, the number of independent directors of the company is more than 4, and more than half of the directors are not employees or managers, so as to enhance the independence of the board of directors.

2. Major Shareholders of the Corporate Shareholders

March 30, 2024

Name	Major Shareholder	Share (%)
TLC Capital Co., LTD	United Microelectronics Corporation	100%

3. Major Shareholders are Corporate Shareholders

March 30, 2024

Name	Major Shareholder	Share (%)
United Microelectronics Corporation	JPMorgan Chase Bank, N.A. acting in its capacity as depositary and representative to the holders of ADRs	5.37%
	Hsun Chieh Investment Co., Ltd.	3.53%
	Fubon Life Insurance Co, Ltd.	3.01%
	Silicon Integrated Systems Corp.	2.13%
	Taiwan Life Insurance Co, Ltd.	1.79%
	Yann Yuan Investment Co., Ltd.	1.54%
	New Labor Pension Fund	1.52%
	China Life Insurance Co, Ltd.	1.29%
	Citi custodian special investment account at the Central Bank of Norway	1.28%
	Citi Taiwan manages the Singapore government investment account	1.20%

Note1: Names of the major shareholders (who shareholding percentage shall be top 10) of the corporate shareholders and its shareholding percentage.

Note 2: The ex-dividend date of the year is on April 2, 2023.

4. Training of the Directors

Title	Name	On-Board Date	Training Date		Organizer	Course	Hour
			From	To			
Director	Lin, Wan-Shing	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	Lin, Jin-Bao	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	Kuo, Ya-Ping	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	Chen Chueh, Shang-Hsin	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	Huang, Hsiang-Lin	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	Hsu, Hsing-Hao	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	TLC Capital Co.,LTD (Peng, Chih-Chiang)	2022/05/31	2023/05/12	2023/05/12	Taiwan Corporate Governance Association	ESG trends and epidemic environment talk about global and Taiwan tax reform and corporate tax governance	3
			2023/05/19	2023/05/19		Business secret protection and non-competition	3
			2023/08/07	2023/08/07		Trends and risk management of generative AI	3
Director	Yu, Shang-Wu	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	Tsai, Song-Qi	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
Director	Su, Yan-Syue	2022/05/31	2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/08/14	2023/08/14		Smart manufacturing trends and the application of digital technology in business management	3
			2023/09/01	2023/09/01		Corporate reputation risk management	3
			2023/09/01	2023/09/01		The impact and impact of climate change risks on corporate financial disclosures	3
Director	Wang, Chuan -Fen	2022/05/31	2023/07/04	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6

Title	Name	On-Board Date	Training Date		Organizer	Course	Hour
			From	To			
			2023/08/01	2023/08/01	SECURITIES & FUTURES INSTITUTE	Risks and opportunities of climate change and net-zero emission policies on business operations	3
			2023/08/07	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3
			2023/12/21	2023/12/21	Taiwan Academy of Banking and Finance	Requirements for the Board of Directors under regulations related to preventing money laundering and combating terrorism financing	3

5. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Qualification Name	Professional qualifications and experience	Independence (two years before election and during term of office)	Number of independent directors serving concurrently as other public companies
Chairman Lin, Wan-Shing	Graduated from the Institute of Business Administration, National Taiwan University of Science and Technology, served as the company's vice chairman (1989-1992), president (1992-2019) and the 15 th chairman of the Republic of China Industrial and Commercial Construction Research Association. He has worked in the field of quartz crystal for more than 30 years, leading the company's industrial upgrading and the goal of becoming a global company, enabling the company's operating scale to continue to grow steadily. He has more than five years of work experience required for company business.	<ol style="list-style-type: none"> 1. Currently serve as the CEO of the company and a director with the status of a manager. 2. The director of related companies (100% subsidiary) of the company. 3. The top ten individual shareholders of the company. 4. The relative relationship with Mr. Lin Jin-Bao, a director of the company, is within the second degree of kinship. 5. The chairman of the board of directors of associate and other associate. 6. There is no one of the circumstances of Article 30 of the Company Act. 7. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act. 	None
Director Lin, Jin-Bao	Graduated from West Texas A&M University with a master's degree in business management, he is the founder and first chairman of the company. He has been working in the field of quartz crystal since he started his career, and has a good reputation in the industry. He is the leading pioneer of Taiwan's quartz crystal industry. In 2001, he took over as the chairman of the company again. During his tenure, in addition to assisting the company to promote internationalization, he also integrated quartz crystal related technologies and markets with international manufacturers, and was committed to the integration of Taiwan's quartz crystal industry. He has more than five years of work experience required for company business.	<ol style="list-style-type: none"> 1. A director with employee status (consultant). 2. The top ten individual shareholders of the company. 3. The relative relationship with Mr. Lin Wan-Shing, the director of the company, is within the second degree of kinship. 4. The director of the board of directors of associate and other associate. 5. There is no one of the circumstances of Article 30 of the Company Act. 6. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act. 	None
Director Kuo, Ya-Ping	Graduated from Boston University with a master's degree in business management, he is currently the general manager of the company. During his more than 20 years in the company, he served as the executive vice president of the company and the vice president of the management center, the vice president of the quality assurance center, and assistant vice president of the marketing center, the president of TXC Optec Corporation. He has an international outlook, the ability to judge the characteristics of globalized professional market competition and the ability to innovate and lead professional team development. He has rich experience in marketing, operation management and strategic planning, and has more than five years of work experience required for company business.	<ol style="list-style-type: none"> 1. Currently serve as the president of the company and a director with managerial status. 2. The relative relationship with Ms.Kuo, Ya-Han, the vice president of the company, is within the second degree of kinship. 3. There is no one of the circumstances of Article 30 of the Company Act. 4. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act. 	None
Director Chen Chueh, Shang-Hsin	Graduated from Zhejiang University with a master's degree in management, he is currently the chairman of several subsidiaries of the company. He has served as deputy CEO and vice president for more than 20 years in the company, and continues to specialize in the marketing and business development of electronic components. He has more than five years of work experience required for company business.	<ol style="list-style-type: none"> 1. Served concurrently as the company's deputy CEO in the two years before the election (retired on 2021/12/31). 2. The director of related companies (100% subsidiary) of the company. 3. The chairman or director of associate, or the supervisor of other associate. 4. There is no one of the circumstances of Article 30 of the Company Act. 5. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act. 	None

<p>Director Huang, Hsiang-Lin</p>	<p>He graduated from the State University of New York with a master's degree in business administration. He is currently the president of TETC CORP. NINGBO, a subsidiary of the company. During his 20 years in the company, he served as the assistant vice president and director of the company's marketing center, mainly responsible for market development and customer management in the Greater China region. He specialized in market strategy, brand marketing and customer service, with extensive experience in cross-industry and product business promotion, corporate competitiveness development and project planning team leadership capabilities. He has more than five years of work experience required for company business.</p>	<ol style="list-style-type: none"> 1. Served concurrently as the company's assistant vice president in the two years before the election (retired on 2021/12/31). 2. Acting as juristic-person director representative and president of related companies (100% subsidiary) of the company, with the status of a manager. 3. There is no one of the circumstances of Article 30 of the Company Act. 4. There is no case where the government, legal person or its representative is elected as stipulated in Article 27 of the Company Act. 	<p>None</p>
<p>Director Hsu, Hsing-Hao</p>	<p>Graduated from Colorado State University with a master's degree in Electromechanical Computer Engineering, focusing on the research of high-frequency circuit design. He used to be the marketing director of Chan-Yu Corporation, and is currently the director of Golden Biotechnology Corporation, the director of K&H MFG. CO., LTD. and the Chairman of Kang-Shuo Investment Corporation, specializing in software and hardware sales and R&D of laboratory teaching equipment and test instruments in different fields, with more than five years of work experience required for company business</p>	<ol style="list-style-type: none"> 1. There is no one of the circumstances of Article 30 of the Company Act. 2. There is no case where the government, juristic-person director representative is elected as stipulated in Article 27 of the Company Act. 	<p>None</p>
<p>Director TLC Capital Co.,LTD</p>	<p>It is a reinvestment company established by UMC in 2005. It has a strong management team and professionals, and provides high value-added services related to the operation and management of the invested company. It is a professional venture capital company. He is currently the director of Simplo Technology Co.,Ltd., whose experience in corporate management can provide important advice on the company's operation and development</p>	<ol style="list-style-type: none"> 1. In the case of being elected as a juristic-person director representative as stipulated in Article 27 of the Company Act. 	<p>None</p>
<p>Independent Director Yu, Shang-Wu</p>	<p>Graduated from the University of Birmingham with a Ph.D. in Finance, served as Dean of School of Business Administration, Jingwen University of Science and Technology, Chair Professor and Dean of the School of Management and Chinese, Yuanpei University of Medical Technology Professor, Director, Dean of Information Management Department of National Taiwan University of Science and Technology, Vice President and Dean of School of Management, Tunghan University, Distinguished Professor and Dean of School of Information, Takming University of Science and Technology, Director (public stock representative) of First Financial Holdings (Shares) Co., Ltd., Juristic-person director representative of the First Bank, Juristic-person director representative of International Express Securities Co., Ltd., Public welfare director of the Taiwan Stock Exchange (assigned by the Financial Supervisory Commission), and Independent Director of Taisun Int'l (Holding) Corp.etc.</p> <p>He has been engaged in academic research for many years, specializing in corporate financial management and investment. Management and financing decision-making, etc., with professional qualifications for lecturers in public and private colleges and universities in relevant departments of business, finance and corporate business</p>	<p>According to the company's articles of association and the "Corporate Governance Code of Practice", directors are selected through a candidate nomination system. When nominating and selecting board members, the company has confirmed that its own, spouse and relatives within the third degree are relative to the company. In addition, it has been verified that the four independent directors have complied with the "Regulations on the Appointment of Independent Directors of Publicly Issued Companies and Matters to be Followed" and Article 14 of the Securities and Exchange Law in the two years before the election and during their tenure. According to the qualification requirements set out in 2, independent directors are empowered to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and independently perform relevant functions and powers, which meets the independence requirements.</p>	<p>1</p>

<p>Independent Director Tsai, Song-Qi</p>	<p>Graduated from Shanghai University of Finance and Economics with PhD in Accounting, with a Master degree of Business Administration, National Chengchi University, and obtained professional qualifications and work experience as an accountant for more than 30 years, served at vice chairman of KMPG Taiwan, Director and CSO of KMPG Taiwan, the chief accountant of the Taiwanese Business Group in Mainland China of KMPG Taiwan;specializing in cross-strait financial and accounting business, and providing professional advice on cross-strait accounting affairs</p>		<p>None</p>
<p>Independent Director Su, Yan-Syue</p>	<p>Graduated from Carnegie Mellon University with a master's degree in industrial management, she was the chief investment officer and senior vice president of PEGATRON Corporation (2004-2013), chief investment officer of ASUSTek Computer Inc., managing director of UBS, and an independent director of AUO Corporation. She currently is an independent director of eslite spectrum Corporation, Cowell e Holdings Inc, and UNIVERSAL CEMENT CORPORATION., specializing in corporate finance, financial investment and industry research and analysis, with work experience required for business, finance, investment strategy and other businesses</p>	<p>According to the company's articles of association and the "Corporate Governance Code of Practice", directors are selected through a candidate nomination system. When nominating and selecting board members, the company has confirmed that its own, spouse and relatives within the third degree are relative to the company. In addition, it has been verified that the four independent directors have complied with the "Regulations on the Appointment of Independent Directors of Publicly Issued Companies and Matters to be Followed" and Article 14 of the Securities and Exchange Law in the two years before the election and during their tenure. According to the qualification requirements set out in 2, independent directors are empowered to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and independently perform relevant functions and powers, which meets the independence requirements.</p>	<p>2</p>
<p>Independent Director Wang, Chuan-Fen</p>	<p>Graduated from Columbia University School of Law with a Master of Law, and obtained professional qualifications and work experience as a lawyer for more than 20 years. She has worked in Simpson Thacher & Bartlett LLP and Lin & Liu International Law Office. She is currently a partner of Chen & Lin Law Firm and an independent director of Lotus Pharmaceutical Co., Ltd.and O-Bank Co., Ltd., specializing in areas of expertise include securities transaction laws, company laws, corporate mergers and acquisitions law, fair trade law, e-commerce and cross-strait investment and technical cooperation and other related laws, for cross-border and local mergers and acquisitions, corporate group restructuring, overseas Domestic and foreign initial public offerings and fundraising, foreigners investing in Taiwan and setting up R&D and training centers, applying for government subsidies, establishing joint ventures, compliance with the Fair Trade Law and related applications, and even assisting clients in various commercial transactions and contract design, drafting and negotiating and general corporate legal consulting, working experience covering domestic and multinational corporate legal professional services in different industries</p>		<p>2</p>

6. Board Diversity and Independence

(1) Board Diversity

The company carefully considers the configuration and diversity standards of the board of directors. The selection process of all directors is fair, open and impartial, in line with regulation of the company's "Articles of Incorporation ", "Director Selection Process" and "Code of Practice for Corporate Governance", and based on industry experience and professional ability, etc., to select those with the knowledge, skills and literacy required to perform their duties to serve as directors.

According to the "Code of Practice on Corporate Governance", the composition of the board of directors should consider diversity, and formulate an appropriate diversity policy based on its own operation, operation type and development needs. It should include but not limited to the following two standards:

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

The specific management objectives and achievement of the company's diversity policy are as follows:

Management Goals	Achievement
Directors are younger	Achieved
At least two female directors	Achieved

The members of the board of directors are diversified in industry, law, finance, accounting, investment management and operation management. The relevant professional fields are described in the following table:

The company has 3 directors with employee status, accounting for 27%; independent directors account for 36%; female directors account for 18%; the term of office of the 2 independent directors does not exceed 9 years; There are 1 persons aged 41-50, 5 persons aged 51-60, 3 persons aged 61-70, and 2 person aged 71-75; the directors of the company have different professional backgrounds, one seat each for members with professional backgrounds in law and accounting, and the other members also have financial, business and With rich experience and expertise in management and other fields, he can give professional advice to the company from different perspectives.

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Diversity items Name of director	Basic Component									Industry experience				Professional competence				
	Nationality	Gender	Work in TXC	Age				Independent directors Tenure of tenure			Electronic Technology Manufacturing	R & D Technology	Business Development	Finance and Investment and M & A	Accounting and Financial Analysis	Legal	Information Technology	Business Management
				41 ~ 50	51 ~ 60	61 ~ 70	71 ~ 75	<3	3~9	>9								
Lin, Wan-Shing	ROC	Male	V			V					V	V	V		V		V	
Lin, Jin-Bao	ROC	Male	V				V				V	V	V		V		V	
Kuo, Ya-Ping	ROC	Male	V		V						V		V		V		V	
Chen Chueh, Shang-Hsin	ROC	Male					V				V	V	V		V	V	V	
Huang, Hsiang-Lin	ROC	Male			V						V		V		V		V	
Hsu, Hsing-Hao	ROC	Male		V							V	V				V	V	
TLC Capital Co., TD (Peng, Chih-Chiang)	ROC	Male			V						V		V	V	V		V	
Yu, Shang-Wu	ROC	Male				V							V	V	V		V	
Tsai, Song-Qi	ROC	Male				V							V	V	V		V	
Su, Yan-Syue	ROC	Female			V								V	V	V		V	
Wang, Chuan -Fen	ROC	Female			V								V	V		V	V	

(2) Board independence

The board of directors of the company supervises the company's development strategy, supervises the management level, and is responsible to the company and shareholders. In all operations and arrangements of the corporate governance system, the board of directors exercises its functions and powers in accordance with laws, the company's articles of association or the resolutions of the shareholders' meeting. The board of directors of the company emphasizes the functions of independent operation and transparency. Directors and independent directors are independent individuals and exercise their powers independently. The company attaches great importance to corporate governance, and has set up 4 independent directors, which exceeds the statutory target, accounting for 36% of all directors. The audit committee is composed of all independent directors. Independence and performance, the effective implementation of internal control, the company's compliance with relevant laws and regulations, and the management and control of the company's existing or potential risks, etc., the company has also established an investment review committee to strengthen the company's investment decision-making quality, implement investment review procedures and performance management, and To conduct research, deliberation and suggestions on the company's long-term investment strategy planning and major investment decisions. The purpose of setting up functional committees is to assist the board of directors to supervise the company's implementation of accounting, auditing, financial reporting processes and financial control, and the quality and integrity of investment decision to improve corporate governance performance.

After confirming the family relationship information sheet and independent director declaration provided by the director candidates, the directors of the company, Mr. Lin, Wan-Shing and Mr. Lin, Jin-Bao are relatives within the second degree of kinship, and none of the remaining directors are subject to Article 26-3 of the Securities and Exchange Act item 3 and item 4.

(II) Documents of president, vice president, assistant vice president, and chief of divisions

March 30, 2024

Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman and CEO Lin, Wan-Hsing	Male	R.O.C	1989/11/11	5,030,722	1.62%	75,991	0.02%	0	0%	Master in Management, National Taiwan University of Science and Technology Director and President of TXC Corporation Director and CEO of TXC Corporation	Chairman of TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED Juristic-person director representative of TXC JAPAN CORPORATION LTD Chairman of TAIWAN CRYSTAL TECHNOLOGY(HK) LTD Corporation Juristic-person director representative of TXC (NINGBO) CORPORATION Juristic-person director representative of TXC (CHONGQING) CORPORATION Juristic-person director representative of Chongqing All Suns Company Limited Supervisor of Ningbo Longying Semiconductor Co., Ltd Chairman of Tai-Shing Electronics Components Corporation Chairman of Liang Shing EcLife Corp. Juristic-person director representative of RFIC TECHNOLOGY CORPORATION Juristic-person director representative of DEPO Auto Parts Ind. Co., Ltd. Supervisor of Piezoelectric Crystal Industries Association of Taiwan	None	None	None
President Kuo, Ya-Ping	Male	R.O.C	2009/08/01	308,000	0.10%	0	0%	0	0%	Boston University ,MBA Executive Deputy Vice President and Deputy Vice President of Management Center of TXC Corporation Director and President of TXC Corporation	-	VP of Marketing	Kuo, Ya-Han	sister and brother
TXC (NGB) President Chao, Min-Chiang	Male	R.O.C	2012/01/01	16,437	0.01%	126	0%	0	0%	Ph.D., Naval Architecture & Ocean Engineering, National Taiwan University Engineer, Biomedical Engineering Center, ITRI Vice president of TXC Corporation President of TXC (NINGBO) CORPORATION	Juristic-person director representative of TXC (NINGBO) CORPORATION Juristic-person director representative and President of Ningbo Free Trade Zon Ding Kai Investment Management Company	None	None	None

Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
TXC (CKG) President Chou, Chien-Fu	Male	R.O.C	2017/04/01	0	0%	0	0%	0	0%	Master of National Taiwan of Science and Technology Vice President of TXC Corporation President of TXC (CHONGQING) CORPORATION	Chairman of Chongqing All Suns Company Limited Chairman of Chongqing Dingsen Commercial Management Co.,Ltd	None	None	None
TETC CORP. (TETC) Presiden Huang, Hsiang-Lin	Male	R.O.C	2019/09/01	3,309,399	1.07%	0	0%	0	0%	State University of New York at Albany, Master of Business Administration (MBA) Assistant Vice President of Marketing Center of TXC Corporation Juristic-person director representative and President of TETC CORP. NINGBO	Director of TXC Corporation Juristic-person director representative of TETC CORP. NINGBO	None	None	None
TXC (CKG) Executive Vice President Yu, Fang-Ming	Male	R.O.C	2012/01/01	53,952	0.02%	0	0%	0	0%	Department of Electronic Engineering, Oriental Insitute of Technology Vice President of TXC Corporation Executive Vice President of TXC (CHONGQING) CORPORATION	-	None	None	None
Vice President Lin, Shi-Bo	Male	R.O.C	2011/01/31	6,932	0%	0	0%	0	0%	Master of Physics, UC, Riverside, USA Vice President of TXC Corporation	-	None	None	None
TXC (NGB) Vice President Chang, Chien-Tsung	Male	R.O.C	2012/01/01	0	0%	0	0%	0	0%	City University of Macau, MBA Plant Manager, Taitien Electronics Co., Ltd. Vice President of TXC Corporation	Supervisor of TXC (NINGBO) CORPORATION Juristic-person director representative of TXC (CHONGQING) CORPORATION	None	None	None
Vice President Cheng, Li-Wei	Male	R.O.C	2018/01/01	0	0%	0	0%	0	0%	Ph D., Materials Science and Engineering of National Tsing Hua University Vice President of TXC Corporation	-	None	None	None
Vice Presiden/ Chief Technology Officer (CTO) Chu, Chih-Hsun	Male	R.O.C	2017/12/18	0	0%	0	0%	0	0%	Ph D., Materials Science and Engineering of National Tsing Hua University CTO of TXC Corporation	-	None	None	None

Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Vice President Kuo, Ya-Han	Female	R.O.C	2009/08/01	22,537	0.01%	0	0%	0	0%	West Coast University, MBA Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	President	Kuo, Ya-Ping	sister and brother
Vice President Su, Jing-Sheng	Male	R.O.C	2015/12/05	0	0%	0	0%	0	0%	Master of Department of Electrical Engineering, National Tsing Hua University Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	None	None	None
Assistant Vice President Lin, Su-fen	Female	R.O.C	2010/07/01	29,891	0.01%	0	0%	0	0%	Electrical Department of Kaohsiung Institute Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	None	None	None
Assistant Vice President Chen, Chiu-Lin	Male	R.O.C	2020/09/14	0	0%	0	0%	0	0%	Master of Department of Industrial Engineering of National Tsing Hua University Assistant Vice President of TXC Corporation Vice President of TXC Corporation	-	None	None	None
Chief Engineer (Assistant Vice President) Chang, Qi-Zhong	Male	R.O.C	2006/04/01	18,929	0.01%	2,000	0%	0	0%	Executive Master of Business Administration, EMBA National Chiao Tung University College of Management Chief Engineer of TXC Corporation	-	None	None	None
Assistant Vice President Su, Zhe-Ming	Male	R.O.C	2011/01/31	13,054	0.00%	0	0%	0	0%	Department of Electrical Engineering, National Taiwan Ocean University Assistant Vice President of TXC Corporation	-	None	None	None
TXC (NGB) Assistant Vice President Liu, Hsu-Er	Male	R.O.C	2015/06/01	0	0%	0	0%	0	0%	Master of Department of Materials Science and Engineering, National Taiwan University Assistant Vice President of TXC Corporation	-	None	None	None

Title / Name	Gender	Nationality	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Major Academic (professional)	Other Part Time Position with Other Companies	With Spouse or Second-class Relative Relationship Manager		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President / Deputy CTO Chiu,Chih-Hung	Male	R.O.C	2019/06/01	9,000	0.00%	0	0%	0	0%	Master of Executive Master of Business Administration Deputy CTO of TXC Corporation	-	None	None	None
Deputy CTO Pao,Shih-Yung	Male	R.O.C	2019/06/01	0	0%	0	0%	0	0%	Ph.D of National Taiwan University Institute of Applied Mechanics Deputy CTO of TXC Corporation	-	None	None	None
Assistant Vice President Chen, Ming (note)	Male	R.O.C	2023/10/01	0	0%	0	0%	0	0%	Master of Business Administration of DREXEL UNIVERSITY Assistant Vice President of TXC Corporation	-	None	None	None
Chief Financial Officer (CFO) / Vice President Hong, Guan-Wen	Female	R.O.C	2003/03/11	108,805	0.04%	0	0%	0	0%	MBA, National Taipei University CFO of TXC Corporation	Director of Win win precision technology	None	None	None

When the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, spouses or relatives of each other, the reasons, rationality, necessity, future improvement measures and other relevant information shall be stated:

The CEO of the company is responsible for the planning and implementation of the company's long-term business development strategy, the overall management of the group's business team and reporting to the board of directors, while the president is responsible for the planning and management of the daily operation of each plant area. The chairman of the board of directors of the company also serves as the CEO. The company is expected to plan and implement the company's long-term business development strategy in the direction of the concept of sustainable operation, and clearly divide the functions and powers of the chairman, the CEO and the president. In addition, the number of independent directors of the company is more than 4, and more than half of the directors are not employees or managers, so as to enhance the independence of the board of directors.

Note: Director Chen, Ming of the Supply Chain Center was promoted to Assistant Vice President on Oct. 1, 2023.

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

(I) Remuneration Paid to Directors

December 31, 2023 Unit: Shares, NT\$ 1,000

Title Name	Director's Remuneration								Total Remuneration (A+B+C+D) and as a % of Net Income (Note 10)		Compensation Earned by a Director Who is an Employee						Total Compensation A+B+C+D+E+F+G) and as a % of Net Income (Note 10)		Compensation Paid to Directors from Non-Consolidated Entities (Note 11)			
	Base Compensation(A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bonuses and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Compensation to Employees (G) (Note 6)							
	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC		From All Consolidated Entities (Note 7)			From TXC	From All Consolidated Entities (Note 7)	
															Cash	Stock	Cash	Stock				
Chairman and CEO Lin, Wan-Shing																						
Director Lin, Jin-Bao																						
Director and President Kuo, Ya-Ping																						
Director Chen Chueh, Shang-Hsin																						
Director and TETC President Huang, Hsiang-Lin	0	0	0	0	20,072	20,072	870	870	20,942 1.2220%	20,942 1.2220%	9,242	32,361	838	838	6,092	0	6,092	0	37,114 2.1657%	60,233 3.5148%	2,853	
Director Hsu, Hsing-Hao																						
Director TLC Capital Co.,LTD																						
Representative: Peng, Chih-Chiang																						

Title Name	Director's Remuneration								Total Remuneration (A+B+C+D) and as a % of Net Income (Note 10)		Compensation Earned by a Director Who is an Employee								Total Compensation A+B+C+D+E+F+G and as a % of Net Income (Note 10)		Compensation Paid to Directors from Non-Consolidated Entities (Note 11)
	Base Compensation(A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bonuses and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Compensation to Employees (G) (Note 6)						
	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC	From All Consolidated Entities (Note 7)	From TXC		From All Consolidated Entities (Note 7)		From TXC	From All Consolidated Entities (Note 7)	
															Cash	Stock	Cash	Stock			
Independent Director Yu, Shang-Wu																					
Independent Director Tsai, Song-Qi	0	0	0	0	12,400	12,400	1,000	1,000	13,400	13,400	0	0	0	0	0	0	0	0	13,400	13,400	0
Independent Director Su, Yan-Syue									0.7819%	0.7819%									0.7819%	0.7819%	
Independent Director Wang, Chuan-Fen																					

- Please describe the independent director's remuneration payment policy, system, standards and structure, and describe the relationship with the amount of remuneration according to the responsibilities, risks, investment time and other factors:

The company's directors' remuneration is handled in accordance with the company's articles of association, and reasonable remuneration is given in consideration of the company's operating results and its contribution to the company's performance; the procedure for setting remuneration is based on the company's "Directors and Managers Performance Evaluation Method" as the basis of evaluation. Follow, in addition to referring to the company's overall operating performance, future business risks and development trends of the industry, it also refers to the individual's performance achievement rate and contribution to the company's performance. The relevant performance appraisal and salary rationality are reviewed by the salary compensation committee and the board of directors. Review the remuneration system at any time depending on the actual operating conditions and relevant laws and regulations, in order to achieve a balance between the company's sustainable operation and risk control.

The independent directors of the company are ex officio members of the remuneration, audit committee, and investment review committee. In addition to the remuneration paid to general directors, considering their responsibilities, risks, and investment time, etc., different reasonable remunerations are determined at their own discretion.
- In addition to the information disclosed in the table above, has any Director provided services to TXC Corporation and its subsidiaries and received compensation for such services (e.g. serving as a consultant that is not an employee): None.

Table of Remuneration Scale

Remuneration Paid to Directors	Director Names			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From TXC (Note 8)	From All Consolidated Entities (Note 9) H	From TXC (Note 8)	From All Consolidated Entities (Note 9) I
Less than NT\$1,000,000	Peng, Chih-Chiang	Peng, Chih-Chiang	Peng, Chih-Chiang	Peng, Chih-Chiang
NT\$1,000,000 –NT\$1,999,999				
NT\$2,000,000 –NT\$3,499,999	Lin, Jin-Bao, Kuo, Ya-Ping, Chen Chueh, Shang-Hsin, Huang, Hsiang-Lin, Hsu, Hsing-Hao, TLC Capital Co., LTD Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen	Lin, Jin-Bao, Kuo, Ya-Ping, Chen Chueh, Shang-Hsin, Huang, Hsiang-Lin, Hsu, Hsing-Hao, TLC Capital Co., LTD Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen	Chen Chueh, Shang-Hsin, Huang, Hsiang-Lin, Hsu, Hsing-Hao, TLC Capital Co., LTD Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen	Hsu, Hsing-Hao, TLC Capital Co., LTD Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue, Wang ,Chuan-Fen
NT\$3,500,000 –NT\$4,999,999	Lin, Wan-Shing	Lin, Wan-Shing		
NT\$5,000,000 - NT\$9,999,999			Lin, Wan-Shing, Lin, Jin-Bao, Kuo, Ya-Ping	Lin, Jin-Bao, Huang, Hsiang-Lin,
NT\$10,000,000 - NT\$14,999,999				Lin, Wan-Shing, Kuo, Ya-Ping, Chen Chueh, Shang-Hsin,
NT\$15,000,000 - NT\$29,999,999				
NT\$30,000,000 - NT\$49,999,999				
NT\$50,000,000 - NT\$99,999,999				
NT\$100,000,000 and above				
Total	12 persons (included 1 corporate director representative)	12 persons (included 1 corporate director representative)	12 persons (included 1 corporate director representative)	12 persons (included 1 corporate director representative)

- Note 1: Director names shall be listed separately (the shareholder name and representative shall be listed separately for corporate directors) and each payment amount shall be disclosed as a summary. If directors concurrently serve as president and vice presidents, list in this Table and Tables (3-1) or (3-2) below.
- Note 2: 2023 director remuneration (includes director salary, allowances, severance pay, various bonuses and incentives).
- Note 3: 2023 compensation to directors passed by the Board of Directors in 2024.
- Note 4: Related 2023 director allowances (including travel expenses, special expenses, all kinds of allowances, accommodations, substantive objects offered in the form of vehicles and etc.). If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration.
- Note 5: 2023 directors who concurrently hold positions in the company (including the president and vice presidents, other managers and employees) receive remunerations including salary, duty differential pay, severance pay, all kinds of bonuses, incentive pays, accommodations, and substantive objects offered in the form of vehicles. If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration.
- Note 6: 2023 directors concurrently hold positions in the Company (including the president and vice presidents, other managers and employees) who receive employee bonuses (including stock and cash) shall disclose the 2023 employee compensation amounts passed and distributed by the 2024 Board of Directors meeting. If estimation is not possible, calculate this year's proposed distribution amounts based on the actual percentages distributed for the previous year and list in Table 1-3.
- Note 7: The total of all compensation items from all consolidated entities (including the Company) paid to Company directors shall be disclosed.
- Note 8: The total of each of the remuneration items paid by the Company to each director are disclosed under the corresponding director name in the scale.
- Note 9: The total of each of the remuneration items paid by all consolidated entities to Company directors shall be disclosed under the corresponding director name in the scale.
- Note 10: Net Income refers to 2023 net income: Those who have adopted IFRS, net income refers to the net income in individual or separate financial reports for the most recent year.
- Note 11: a. This column shall clearly list the related remuneration amounts from reinvested companies other than subsidiaries.
b. If Company directors receive remuneration from reinvested companies other than subsidiaries, the remuneration received by Company directors from reinvested companies other than subsidiaries is included in the Remuneration Scale column and the column is renamed All Reinvested Entities.
c. Compensation and remuneration refers to the compensation and remuneration (employee, director and supervisor remuneration), business execution expenses and other related remuneration received by Company directors as directors, supervisors and managers of reinvested entities other than subsidiaries.

(II) Compensation Paid to President and Vice Presidents

December 31, 2023 Unit: Thousand Shares, NT\$ 1,000

Title	Name	Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total Compensation (A+B+C+D) and as a % of Net Income (Note 8)		Compensation Paid to Directors from Non-Consolidated Entities (Note 9)
		From TXC	From All Consolidated Entities (Note 5)	From TXC	From All Consolidated Entities (Note 5)	From TXC	From All Consolidated Entities (Note 5)	From TXC		From All Consolidated Entities (Note 5)		From TXC	From All Consolidated Entities (Note 5)	
								Cash	Stock	Cash	Stock			
Chairman &CEO	Lin, Wan-Shing	24,106	32,724	2,657	2,657	14,324	33,234	22,270	0	22,270	0	63,357 3.6971%	90,885 5.3035%	1,070
President	Kuo, Ya-Ping													
TXC(NGB) President	Chao, Min-Chiang													
TXC(CKG) President	Chou, Chien-Fu													
TETC President	Huang, Hsiang-Lin													
TXC(CKG) Executive Vice President	Yu, Fang-Ming													
Vice President	Lin, Shi-Bo													
TXC(NGB) Vice President	Chang, chien-Tsung													
Vice President	Cheng, Li-Wei													
Vice President / Chief Technology Officer (CTO)	Chu,Chih-Hsun													
Vice President	Kuo, Ya Han													
Vice President	Su, Jing-Sheng													
Vice President	Lin, Su-fen													
Vice President	Chen,Chiu-Lin													
Chief Financial Officer (CFO) / Vice President	Hong, Guan-Wen													

Note: This is to fill in the remuneration information of managers above the deputy general manager at the end of 2023. For personnel changes, please refer to the general manager, deputy general manager, assistant manager, and supervisors of various departments and branches.

Compensation Scale

Compensation Paid to Senior Executives	Names of Senior Executives	
	The Company (Note 6)	The Company in the financial report (Note 7) (E)
Less than NT\$1,000,000	Huang, Hsiang-Lin	
NT\$1,000,000 –NT\$1,999,999	Chao,Min-Chiang, Chang,Chien-Tsung	
NT\$2,000,000 –NT\$3,499,999	Chou, Chien-Fu, Yu,Fang-Ming,	
NT\$3,500,000 –NT\$4,999,999	Lin, Shi-Bo, Chu,Chih-Hsun, Chen,Chiu-Lin	Lin, Shi-Bo, Chang,Chien-Tsung, Chu,Chih-Hsun, Chen,Chiu-Lin
NT\$5,000,000 - NT\$9,999,999	Lin, Wan-Shing, Kuo, Ya-Ping, Cheng, Li-Wei, Kuo,Ya Han, Su, Jing-Sheng, Lin, Su-fen, Hong, Guan-Wen	Kuo, Ya-Ping, Chao,Min-Chiang, Chou, Chien-Fu, Huang, Hsiang-Lin, Yu,Fang-Ming, Cheng, Li-Wei, Kuo,Ya Han, Su, Jing-Sheng, Lin, Su-fen, Hong, Guan-Wen
NT\$10,000,000 - NT\$14,999,999		Lin, Wan-Shing
NT\$15,000,000 - NT\$29,999,999		
NT\$30,000,000 - NT\$49,999,999		
NT\$50,000,000 - NT\$99,999,999		
NT\$100,000,000 and above		
Total	15 persons	15 persons

Note 1: The names of president and vice general presidents shall be listed separately (the shareholder name and representative shall be listed separately for corporate directors) and each payment amount shall be disclosed as a summary. If there are directors that concurrently serve as a president and vice general presidents, list in this Table and Tables (1-1) or (1-2) below.

Note 2: Lists 2023 salary, allowances and severance pay for the general and vice general managers.

Note 3: Lists 2023 president and vice general presidents bonuses, incentives, travel expenses, special expenses, all kinds of allowances, accommodations, substantive objects offered in the form of vehicles and other remuneration). If real estate, cars and other transportation or exclusive personal expenses are offered, the asset category and cost, actual rent or rent calculated at fair market value, fuel expenses and other payments shall be disclosed. If a driver is assigned, attach an explanation of the driver's related compensation but do not include the compensation into the remuneration

Note 4: Fill in the amount of employee remuneration (including stock dividends and cash) distributed by the board of directors in 2024. If it is impossible to estimate, calculate the proposed distribution amount for this year based on the actual distribution amount last year, and separately fill out the attached form 1-3.

Note 5: The total of all compensation items from all consolidated entities (including the Company) paid to Company president and vice general presidents shall be disclosed.

Note 6: The total of each of the remuneration items paid by the Company to each general and vice general manager shall be disclosed under the corresponding general manager and vice general manager names in the scale.

Note 7: The total of each of the remuneration items paid by all consolidated entities (including the Company) to each general and vice general manager shall be disclosed under the corresponding president and vice general presidents' name in the scale.

Note 8: Net Income refers to 2023 net income: Those who have adopted IFRS, net income refer to the net income in individual or separate financial reports for the most recent year.

Note 9: a. This column shall clearly list the related remuneration amounts from reinvested companies other than subsidiaries.

b. If Company general and vice general managers receive remuneration from reinvested companies other than subsidiaries, the remuneration received by Company directors from reinvested companies other than subsidiaries is included in Remuneration Scale Column E and the column is renamed All Reinvested Entities.

c. Remuneration refers to the compensation and remuneration (employee, director and supervisor remuneration), business execution expenses and other related remuneration received by Company general and vice general managers serving as directors, supervisors and managers of reinvested entities other than subsidiaries.

* There are differences in the income concept in the remuneration information disclosed in this Table and income tax laws so this Table is used for information disclosure and not taxation purposes.

* Regardless of the position, those positions equivalent to President and Vice President (i.e.: President, CEO and Director) have all been disclosed.

(III) Profit Sharing Distributed to Managers (Proposed 2024 Employee Profit Sharing Amounts)

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	Title	Name	Stock	Cash	Total	% of Net Income
Managers	Chairman and CEO	Lin, Wan-Shing	0	28,500	28,500	1.6631
	President	Kuo, Ya-Ping				
	TXC (CKG) President	Chou, Chien-Fu				
	TXC (CKG) Executive Vice President	Yu, Fang-Ming				
	Vice President	Lin, Shi-Bo				
	Vice President	Cheng, Li-Wei				
	Chief Technology Officer (CTO) / Vice President	Chu, Chih-Hsun				
	Vice President	Kuo, Ya-Han				
	Vice President	Su, Jing-Sheng				
	Vice President	Lin, Su-Fen				
	Vice President	Chen, Chiu-Lin				
	Chief Engineer (Assistant Vice President)	Chang, Qi-Zhong				
	Assistant Vice President	Su, Zhe-Ming				
	Assistant Vice President/ Deputy CTO	Chiu, Chih-Hung				
	Deputy CTO	Pao, Shih-Yung				
	Assistant Vice President	Chen, Ming				
Chief Financial Officer (CFO) / Vice President	Hong, Guan -Wen					

Note 1: Name and title of individuals shall be disclosed but earning distribution shall be disclosed in summarized form.

Note 2: Employee remuneration amounts (including stocks and cash) for managers passed by the 2024 Board of Directors meeting. If estimation is not possible, calculate this year's proposed distribution amounts based on the actual percentages distributed for the previous year. Net Income refers to 2023 net income: Those who have adopted IFRS, net income refers to the net income in individual or separate financial reports for the most recent year.

Note 3: The scope of application for managers is determined according to the rules set down in the March 27, 2003 Tai-tsai-cheng-san no. 0920001301 letters. The scope is as follows:

- (1) President and equivalent level personnel
- (2) Vice president and equivalent level personnel
- (3) Assistant vice president and equivalent level personnel
- (4) Financial department supervisor
- (5) Accounting department supervisor
- (6) Other persons handling company management affairs and with signature authority.

Note 4: If directors, presidents and vice presidents receive employee compensation (including stocks and cash), the compensation shall be listed in Table 1-2 and additionally in this Table.

Note 5: Fill in the information of the employee's remuneration received by the incumbent manager at the end of 2023. For personnel changes, please refer to the general manager, deputy general manager, assistant vice president, supervisor of each department and branch.

(IV) Remuneration by the Company to individual directors shall be disclosed under the following circumstances:

1. Remuneration to individual directors shall be disclosed if there have been consecutive after-tax losses for the previous three year: None.
2. Remuneration to individual directors shall be disclosed in the event of insufficient director shareholdings for three consecutive months in the most recent year: None.
3. If there are directors with an average pledged share ratio of over 50% for any three months in the most recent years, the individual director(s) with the average pledged share ratio exceeding 50% for each of these months shall be disclosed: None.
4. If all Directors receive the directors' remuneration of all companies in the financial report accounting for more than 2% of the after tax net profit, and individual directors receive the remuneration of more than NT\$15 million: None.
5. Where the results of the corporate governance evaluation of a listed or OTC company in the most recent year are at the last level, or where the trading method has been changed, the trading has been stopped, or the listed and OTC company has been terminated in the most recent year and up to the date of printing the annual report, or where the approval of the corporate governance evaluation committee indicates that the company should not be evaluated: None.
6. This restriction shall not apply to full-time employees of a listed or OTC company whose average annual salary for the most recent year is less than NT\$500,000: None.
7. Listed and OTC companies whose net profit after tax increased by more than 10% in the most recent year, but the average annual salary of full-time employees who are not in supervisory positions did not increase compared with the previous year: None.
8. The after-tax profit and loss of listed companies in the most recent year has declined by 10% and exceeded NT\$5 million, and the average remuneration of each director (excluding part-time employee compensation) has increased by 10% and exceeded NT\$100,000: None.

(V) Individually compare and explain the analysis of the remuneration paid to Company directors, president and vice presidents as a percentage of net income by the Company and all consolidated entities over the past two years and explain the remuneration payment policy, standard and mix, procedure for setting remuneration and operation performance and future risk correlation.

1. Analysis of the proportion of remuneration paid to the company's directors, president and vice presidents to net income over the past two years:

The proposed remuneration amounts for the directors, general managers and deputy general managers of the company and of the all consolidated entities in 2023 are approximately 24.2% and 18.8% lower than the actual amounts in 2022, but the consolidated net income after tax in 2023 is approximately 38.9% lower than that in 2022, so the proportion of total remuneration to net income increased.

Unit: %

Title	Remuneration as Percentage of Net Income			
	2022 (Note 1)		2023 (Note 2)	
	From TXC	From All Consolidated Entities	From TXC	From All Consolidated Entities
Director	2.68	3.40	2.95	4.30
President and Vice President	2.68	3.82	3.70	5.30

Note 1 In 2023, the board of directors approved the distribution of the remuneration amount of directors, general manager, and deputy general manager in 2022. Therefore, the calculation of the proportion

of total remuneration to after-tax net income in this column is the actual number.

Note 2 In 2024, the board of directors approved the distribution of the remuneration amount for directors, general manager, and deputy general manager in 2023. Therefore, the calculation of the proportion of total remuneration to net income after tax in the information in this column is the proposed number.

2. The remuneration of the company's directors is handled by the board of directors in accordance with the provisions of Article 19 of the company's articles of association and is evaluated annually by the board of directors, director members and functional committees with reference to the evaluation indicators in the company's "Board of Directors and Managers Performance Evaluation Methods". Directors' remuneration is increased based on their roles as chairman of the board and convener and member of functional committees, and may be reduced based on operating performance or director performance evaluation results; remuneration for the general manager, deputy general manager and related managers, except in accordance with the company's articles of association, operating performance, contribution to the company and the general standards of peers, the manager's personal performance and the company's future risks will also be considered to give reasonable remuneration. Various remuneration items include salary, retirement pension, various bonuses and employee remuneration, as well as business execution-related expenses. Various bonuses and employee remuneration follow the "Bonus Payment Operation Methods" and "Employee Remuneration Distribution Methods" and are reviewed and approved by the Remuneration Committee and the Board of Directors. In order to encourage senior managers to pay attention to comprehensive performance to achieve sustainable operations, the group's ESG is assessed. (including climate change, integrity management and legal compliance) plan promotion, leading subsidiaries to establish a robust sustainable governance structure, non-financial performance for the year, including ESG projects (such as continuous ISO 14064 inspections and passing third-party verification, issuance Sustainability reports, planning and setting carbon reduction targets, greenhouse gas inventory and verification, product carbon footprint verification, energy management system construction planning, etc.), ESG evaluation (such as corporate governance evaluation, CDP, etc.), and cooperation with government policies It shows that in the practice of "Environment, Social, Governance, ESG" (Environment, Social, Governance, ESG), we plan to include ESG sustainable development as one of the managers' performance evaluation items (10%) as the basis for the payment of various bonuses and remuneration.

The procedures for determining remuneration are based on the company's "Directors and Managers Performance Evaluation Method" as the basis for evaluation. In addition to referring to the company's overall operating performance, future business risks and development trends of the industry, it also refers to individual performance achievement rates and the contribution of the company's performance, and give reasonable remuneration. The relevant performance appraisal and remuneration rationality are reviewed by the remuneration committee and the board of directors, and the remuneration system is reviewed at any time depending on the actual operating conditions and relevant laws and regulations, so as to achieve the balance of the company's sustainable operation and risk control.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

In 2023, the Board of Directors had held 5 meetings (A), the attendance of which as follows:

December 31, 2023

Title	Name	Actual number of attendees (B)	Number of proxy attendees	Actual rate of attendance (%) [B/A]	Remarks
Chairman	Lin, Wan-Shing	5	0	100	
Director	Lin, Jin-Bao	5	0	100	
Director	Kuo, Ya-Ping	5	0	100	
Director	Chen Chueh, Shang-Hsin	5	0	100	
Director	Huang, Hsiang-Lin	5	0	100	
Director	Hsu, Hsing-Hao	5	0	100	
Director	TLC Capital Co., LTD (Peng,Chih-Chiang)	5	0	100	
Independent Director	Yu, Shang-Wu	5	0	100	
Independent Director	Tsai, Song-Qi	5	0	100	
Independent Director	Su, Yan-Syue	5	0	100	
Independent Director	Wang, Chuan -Fen	5	0	100	

Other items to be recorded:

1. The date, session, agenda, opinions of all independent directors and the Company's means of processing the opinions of independent directors shall be specified if one of the following circumstances occurred in the operation of the board of directors:
 - (1) Matters listed under Article 14-3 of the Securities and Exchange Act: Not applicable, since the Company has established an audit committee; matters listed under Article 14-5 of the Securities and Exchange Act shall be applicable instead.
 - (2) Other board resolutions recorded and stated in writing with opposing or reserved opinions from independent directors other than those mentioned above: None; there was no opposing or reserved opinions of the period from the independent directors.

2. Directors' implementation on the avoidance of interest-related motions:
 - (1) Date: 2023/03/06
 - Agenda: remove of non-competition restrictions for directors.
 - Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Peng, Chih-Chiang
 - Reasons for the avoidance of conflict of interests and participation in voting: According to the provisions of Article 206, Paragraph 2 of the Company Law, Chairman Lin, Wan-Shing and Director Peng, Chih-Chiang are parties to the proposal. According to the rules of procedure of the board of directors, the parties shall withdraw from participation in discussions and voting, and Chairman Lin had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
 - Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection.
 - (2) Date: 2023/05/08
 - Agenda: Review the 2022 annual payment of employee compensation and directors' remuneration.
 - Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping
 - Reasons for the avoidance of conflict of interests and participation in voting: Whereas Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping, are the Company's managers, the parties in question shall avoid conflict of interests by not participating in the discussion and voting pursuant to Item 2, Article 206 of the Company Act. Chairman LIN had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
 - Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection.
 - (3) Date: 2023/12/18
 - Agenda: 2023 performance bonus amount
 - Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping
 - Reasons for the avoidance of conflict of interests and participation in voting: Whereas Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Kuo, Ya-Ping, are the Company's managers, the parties in question shall avoid conflict of interests by not participating in the discussion and voting pursuant to Item 2, Article 206 of the Company Act. Chairman LIN had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
 - Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection.

(4) Date: 2023/12/18

- Agenda: To approve the donation to TXC_FOUNDATION
- Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Lin, Jin-Bao
- Reasons for the avoidance of conflict of interests and participation in voting: Whereas Directors avoiding conflicts of interest: Chairman Lin, Wan-Shing, Director Lin, Jin-Bao are the TXC_FOUNDATION's directors, the parties in question shall avoid conflict of interests by not participating in the discussion and voting pursuant to Item 2, Article 206 of the Company Act. Chairman LIN had appointed Independent Director Yu, Shang-Wu to preside in the discussion and voting on behalf of the Chairman.
- Resolutions of the Board of Directors: Except for the above-mentioned directors who avoided conflict of interests, the remaining directors have passed the motions without objection

3. The interval and period of self-assessment (or peer assessment) made by the Board of Directors of the Company, the assessment scope, method, and content, and the implementation:

Interval	Period	Scope	Method	Content
Annually	January 2023 to December 2023	Board of Directors, individual members, and functional Committees (inclu. Remuneration Committee, Audit Committee, Investment Review Committee)	Board, functional committee assessment and board member self-assessment	<ul style="list-style-type: none"> ● Board of Directors Performance evaluation content includes: the degree of participation in the Company's operations, the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, selection and appointment of directors and continuous education and internal control. ● Individual Director of Board of Directors Performance evaluation content includes: mastery of company goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc. ● Functional Committees The performance assessment of the Functional Committees and its individual members includes five major aspects: the degree of participation in the Company's operations, the awareness of duties of the Functional Committees, the decision-making quality of the Functional Committees, the composition and election of the Functional Committees, and internal control. ● Assessment Results In 2023, the self-evaluation results of the company's board of directors and functional committees (including the salary and remuneration committee, audit committee and investment review committee) all reached 95 points or above, and there were no major improvement projects.

Interval	Period	Scope	Method	Content
				They were reported to the board of directors on March 11, 2024. It also serves as a reference for the performance, remuneration and nomination for renewal of members of the Board of Directors and functional committees.
Every three years	January 2022 to December 2022	Board of Directors	External professional institution	<p>Taiwan Institute of Ethical Business, a corporate legal person, evaluates the effectiveness of the board of directors through questionnaires and on-site visits on four major aspects and 24-question indicators including the professional functions of the board of directors, decision-making effectiveness, internal control, and sustainable management in 2022.</p> <ul style="list-style-type: none"> ● Assessment Results <p>Most of the company's board of directors are elected as natural persons, and there are four independent directors, accounting for more than one-third of the board of directors. They all have different fields of expertise and can provide diversified opinions from different perspectives. By introducing a business continuity management (BCM) mechanism, board members can understand the risks and opportunities of the rated company, urge the management team to establish relevant risk response measures, and strengthen the board of directors' management and supervision of corporate risks. Establish a sustainability committee and set specific strategic goals for sustainable development and regularly report the implementation status to the board of directors. The company reported the evaluation results to the directors on March 6, 2023. Based on the recommendations of the Institute, the board of directors increased communication between board members and the manager team on daily business, overall planning and adjustment of the whistleblowing system as a way to continue to improve the functions of the board of directors.</p>

4. The goals of the year and the most recent year on the strengthening of the board of directors' functions (such as establishing an audit committee, improving information transparency, etc.) and performance evaluation:
- (1) The company's board of directors is responsible for guiding the company's strategies, supervising the management and various operations and arrangements of the corporate governance system, being responsible to the company and the shareholders' meeting, and exercising its powers in accordance with the provisions of laws and the company's articles of association or the resolutions of the shareholders' meeting.
 - (2) The Company's first Audit Committee was duly established on June 19, 2013. It is responsible

for reviewing the proper presentation of the Company's financial statements, the selection (dismissal), independence and performance of the Certified Public Accountant, and the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations and the Company's control over existing or potential risks. Since the date the Audit Committee was established, the Audit Committee has invited Certified Public Accountant and related personnel to attend each meeting and participate in the discussion. The Audit Committee has convened 5 meetings in 2023. For details, please refer to the operation status of the audit committee in the annual report or the "Functional Committees" section of the company's website.

- (3) The Company's first Remuneration Committee was established on December 28, 2011 to be responsible for formulating and periodically reviewing the performance assessment and remuneration policies, system, standards and structure for the directors and managers, regularly evaluating and setting the remuneration of the directors and managers, as well as completing annual assessment before the first quarter of the following year pursuant to the Company's "Performance Assessment Method for the Directors and Managers". There were 3 meetings in 2023, for details, please refer to the annual report on the operation of the salary and remuneration committee or the company's website.
- (4) In order to strengthen the quality of the company's investment decision-making, implement investment review procedures and performance management, and conduct research, review and recommendations on the company's long-term investment strategic planning and major investment decisions, the investment review committee was established by resolution of the board of directors on May 7, 2020. Currently the second investment review committee, was nominated by the chairman of four independent directors, Yu, Shang-Wu, Tsai, Song-Qi, Su, Yan-Syue and Wang, Chuan-Fen, and three directors, Lin, Jin-Bao, Hsu, Hsing-Hao and Peng, Chih-Chiang of TLC Capital Co., LTD, as members of the committee. The directors who attended the meeting passed the proposal to elect independent director Su, Yan-Syue as the convener without objection. In 2023, 2 meetings were held to review the operation status of the company's reinvestment business and financial investment planning. For details, please refer to the annual report on the operation of investment review committee or the "Functional Committees" section of the company's website.

(II) Operation of the Audit Committee

1. Operations of the Audit Committee

The Company's first Audit Committee was duly established on June 19, 2013 consisted by 3 independent directors and elected the independent director, YU, SHANG-WU, to serve as the convener. The shareholders' meeting re-elected in 2016 to increase 1 independent director for the purpose of strengthening corporate governance; therefore, there are currently 4 independent directors in the Audit Committee convening meeting at least once every quarter. It is responsible for reviewing the proper presentation of the Company's financial statements, the selection (dismissal), independence and performance of the Certified Public Accountant, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations and the Company's control over existing or potential risks. Its primary authorities are as follows:

- (1) To establish or modify the internal control system as prescribed in Article 14 of the Securities and Exchange Act;
- (2) To evaluate the effectiveness of the internal control system;
- (3) To establish or modify the procedures for material financial business behaviors such as acquiring or disposing assets, engaging in derivative commodity transactions, lending capital to others, endorsing or providing guarantees for others as prescribed in Article 36-1 of the Securities and Exchange Act;
- (4) Matters concerning the directors' personal interests;
- (5) Material assets or derivative commodities transactions;
- (6) Material capital lending, endorsement or provision of guarantees;
- (7) Offering, issuance or private placement of equity securities;
- (8) Appointment, dismissal or remuneration of Certified Public Accountant;
- (9) Appointment or dismissal of chief financial officer, chief accounting officer or chief audit executive;
- (10) Annual financial statements and semi-annual financial statements; and
- (11) Other matters required by the Company or the competent authority.

In 2023, the Audit Committee had held 5 meetings (A), the attendance of which as as follows:

Position	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Note
Independent Director	Yu, Shang-Wu	5	0	100	
Independent Director	Tsai, Song-Qi	5	0	100	
Independent Director	Su, Yan-Syue	5	0	100	
Independent Director	Wang, Chuan -Fen	5	0	100	

Other items to be recorded:

1. The date, session, agenda, resolution of the Audit Committee and the Company's means of processing the opinions of the Audit Committee shall be specified if one of the following circumstances occurred in the operation of the Audit Committee:

(1) Matters listed under Article 14-5 of the Securities and Exchange Act:

Meeting date (session)	Agenda	Resolutions and opinion of all
2023/03/06 (4 th meeting of the fourth session)	<ol style="list-style-type: none"> 1. Undertaking of Derivative Financial Commodities 2. 2022 Business Report and Financial Statements 3. 2022 Earnings Distribution 4. 2022 Annual Accountant Independence and Performance Evaluation Review Case 5. Internal Audit Report 6. Accountants' internal control assessment opinions, the company's annual self-assessment report on the effectiveness of the internal control system and the statement of the internal control system 	Approved by all independent director; it was sent to the board of directors for resolution without any approval by the audit committee and more than two-thirds of all director
2023/05/08 (5 th meeting of the fourth session)	<ol style="list-style-type: none"> 1. Undertaking of bank credit extensions and derivative financial commodities 2. Q1 / 2023 financial statements 3. TXC Capacity Expansion 4. Internal Audit Report 	
2023/08/07 (6 th meeting of the fourth session)	<ol style="list-style-type: none"> 1. Undertaking of bank credit extensions and derivative financial commodities 2. Q2/ 2023 financial statements 3. Amend some provisions of the company's "Accountant Evaluation and Performance Appraisal Measures" and the new "Audit Measures for Pre-Approval of Certified Accountants Providing Uncertain Services" 4. Internal audit Report 	The independent directors proposed to amend the first clause of Article 3 in response to the proposal to amend the "Measures for Accountant Evaluation and Performance Appraisal". The Chairman of the Audit Committee sought the consent of all members present and submitted it to the Board of Directors for resolution, and the resolution was passed by the Board of Directors. No changes were made without the approval of the Audit Committee. and when more than two-thirds of all directors agree.
2023/11/06 (7 th meeting of the fourth session)	<ol style="list-style-type: none"> 1. Undertaking of bank credit extensions and derivative financial commodities 2. Q3 / 2023 financial statements 3. Internal audit report 4. Re-formulate the company's "Key Operational Risk Management Measures" and abolish the original "Key Operational Risk Management Measures" 	Approved by all independent director; it was sent to the board of directors for resolution without any approval by the audit committee and more than two-thirds of

2023/12/18 (8 th meeting of the fourth session)	<ol style="list-style-type: none"> 1. Undertaking of bank credit extensions 2. To approve the donation to TXC_FOUNDATION 3. 2024 annual review on the accountant fees 4. Additional budget for the company's capacity expansion plan and the subsidiary's new factory expansion plan 5. 2024 annual business plan and annual budget 6. Internal audit report 7. Re-formulate the company's "internal control self-assessment operating procedures" and abolish the original "internal control self-inspection operating procedures" 8. 2024 annual audit plan 	all director
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(2) Except for the foregoing, other matters that were not approved by the Audit Committee but were approved by more than two-thirds of all directors: None.

2. Implementation of the independent directors' avoidance of motion with conflict of interests (please specify the independent director's name, content of the motion, reasons for the avoidance of conflict of interests, and participation in voting): None.

3. Communication between the independent directors and chief audit executive and accountant (include major topics, methods and results relating to the Company's financial and business status that shall be communicated) :

- (1) There are channels of direct contact between the independent directors and chief audit executive and the Certified Public Accountant and the communication condition is good;
- (2) The Company convenes the Audit Committee meeting on regular basis, which will invite accountant, chief auditing executive to attend and invite related supervisors to attend if necessary.
- (3) The chief audit executive submits aggregated auditing report to the Audit Committee on monthly basis according to the annual audit plan.
- (4) Evaluate the performance and independence of the accountant annually and submit to the Audit Committee for review. The 2023 annual evaluation on the accountant's performance and independence was approved by the Audit Committee on March 11, 2024 and submitted to the Board of Directors. Please visit the Company's website for the assessment results.
- (5) Main communication matters in 2023:
 - a. An excerpt of the communication between the independent directors and the accountants is as follows:

Date	Independent Director	Accountant	Communication Focus	Communicate Results
2023/03/06 (audit committee)	Yu, Shang-Wu Tsai, Song-Qi Su, Yan-Syue Wang, Chuan -Fen	Hsieh, Ming-Chung	2022 annual audit conclusion and regulatory update report	After review by the Audit Committee, all independent directors have no objections.
2023/11/06 (individual meeting)		Su, Yu-Shiou	2023 Key Audit Matters and Regulations Update Report	

- b. An excerpt of the communication between the independent directors and the Audit supervisor is as follows:

Date	Independent Director	Audit Supervisor	Communication Focus	Communicate Results
2023/11/06 (individual meeting)	Yu, Shang-Wu Tsai, Song-Qi Su, Yan-Syue Wang, Chuan -Fen	Chin, Yun-Hsi	Revise internal control self-assessment procedures to better comply with legal compliance	The independent directors proposed to revise the "Internal Control Self-Assessment Operating Procedures" in response to the needs of "Internal Control Self-Assessment" and proposed it at the next board meeting. Audit Supervisor: Operate according to the recommendations of the directors.

4. Annual key functions and operations:

(1) Annual Key functions

- a. Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.
- b. Communicate with CPA regularly over financial statement review or audit results in each quarter.
- c. Review financial reports.
- d. Assessment of the effectiveness of internal control system.
- e. Review the hiring, dismissal, compensation and service matters concerning CPAs in advance.
- f. Evaluate the independence of the CPA who provide audit and non-audit services.
- g. Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
- h. Legal compliance.

- (2) 2023 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(III) Composition, duties, and operations of the Remuneration Committee

1. The company's board of directors set up the first Salary and Remuneration Committee and its organizational rules on December 28, 2011 in accordance with the regulations of the competent authority. From the third term, the Board of Directors decided to appoint four independent directors. The fifth Remuneration Committee was composed of independent directors. Director Yu, Shang-wu was re-elected as convener and chairman of the meeting

2. Information on the members of the Remuneration Committee

Position (Note 1)	Name\ Criteria	Professional qualifications and experience	Independence situation	Number of Other Public Companies Concurrently Serving as Member of Compensation Committee
Independent director	Yu, Shang-Wu	Please refer to the "Directors' Professional Qualifications and Information Disclosure of Independent Directors' Independence" table		1
Independent director	Tsai, Song-Qi			0
Independent director	Su, Yan-Syue			2
Independent director	Wang, Chuan -Fen			2

3. Remuneration Committee Operation Status

(1) The company's remuneration committee has 4 members.

(2) The current term of remuneration committee members is: May 31, 2022 to May 30, 2025. The Committee had held 3 meetings (A) in 2023. The member qualifications and attendance status is as follows:

Position	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Note
Independent director (Convenor)	Yu, Shang-Wu	3	0	100%	
Independent director	Tsai, Song-Qi	3	0	100%	
Independent director	Su, Yan-Syue	3	0	100%	
Independent director	Wang, Chuan-Fen	3	0	100%	

Other mentionable items:

(1) If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, the date of the board of directors meeting, term, content of motions, board resolution results and company handling of remuneration committee opinions (if the resolution passed by the board of directors exceeds the recommendations of the remuneration committee, the circumstances and cause of the difference shall be specifically stated): No such circumstances.

(2) If any committee member has an objection or qualified opinion together with a record or written statement regarding a remuneration committee resolution, the remuneration committee date, term, content of motions, all member opinions and how member opinions were handled: No such circumstances.

(3) The discussion of the remuneration committee and the handling of the company's opinions:

Meeting date (session)	Agenda	Resolutions and opinion of all members
2023/03/06 (2 nd meeting of the fifth session)	1. Performance appraisal of board of directors (including functional committees) and managers in 2022 2. 2022 annual employee compensation and report on the distribution of directors' compensation	Approved as proposed and reported to the Board of Directors for resolution
2023/05/08 (3 rd meeting of the fifth session)	1. Review of 2022 employee compensation and directors' compensation	

<p>2023/12/18 (4th meeting of the fifth session)</p>	<ol style="list-style-type: none"> 1. 2023 performance bonus payment amount 2. 2024 annual employee compensation and directors' compensation ratio 3. Re-formulate the company's "Board of Directors Performance Evaluation Methods" and abolish the original "Directors and Managers Performance Evaluation Methods" 4. Review the salary and remuneration case for the appointment of senior managers 	<p>In response to the proposal to re-formulate the "Board of Directors Performance Evaluation Methods", the independent directors recommended that the revised method be named "Board of Directors and Managers Performance Evaluation Methods" and the second indicator of the manager's performance evaluation form. The Chairman of the Remuneration Committee consulted all members present and agreed to submit it to the Board of Directors for resolution. , and passed by the board of directors.</p>
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4. Remuneration Committee duties

In accordance with the charter of the company's remuneration committee, the remuneration committee has the following duties and its recommendations are submitted to the board of directors for discussion:

- (1) Regular review on the charter and submission of amendment recommendations.
- (2) Determine and regular review the policies, system, standards and structure for company director and officer performance evaluations and remuneration.
- (3) Regularly evaluate the remuneration of company directors and officers.

The following principles must be followed before performance of the above remuneration committee duties:

- (1) Ensure the company's remuneration arrangements conform to related laws and are sufficient to attract talent.
- (2) Performance assessments and compensation levels of directors, supervisors and executive officers shall take into account the general pay levels in the industry, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions and the compensation paid to employees holding equivalent positions in recent years. The evaluation should also cover the reasonableness of the correlation between the individual's performance and the company's operational performance and future risk exposure, with respect to the achievement of short and long-term business goals and the financial position of the company.
- (3) There shall be no incentive for directors or executive officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the company.
- (4) The percentage of the bonus to be distributed based on short-term performance and the time for payment of any variable compensation for directors and executive officers shall be determined based on industry characteristics and company business attributes.
- (5) A committee member may not enter into discussions or voting when the committee is deciding on

that member's individual remuneration.

- (6) The decision making and handling of director and officer remuneration matters for subsidiaries is delegated to the subsidiary but requires the ratification of the company's board of directors. The company's remuneration committee is asked to submit recommendation before the matter is submitted to the board of directors for discussion.

Refer to the company website for more detailed information on the company's remuneration committee charter.

(IV) Composition, duties, and operations of the Investment Review Committee

1. In order to strengthen the quality of the company's investment decisions, implement investment review procedures and performance management, and conduct research, review and recommendations on the company's long-term investment strategic planning and major investment decisions, the company established the Investment Review Committee through a resolution of the board of directors on May 7, 2020. The committee shall review the operating conditions and financial investment plans of the company's reinvested businesses respectively.
2. Information on the members of the Investment Review Committee
 - (1) There are 7 members in the Company's Investment Review Committee.
 - (2) The term of the current Investment Review Committee is from May 31, 2022 to May 30, 2025. In 2023, the Investment Review Committee had held 2 meetings (A), the attendance of which as follows:

Position	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)	Note
Independent Director (Convenor)	Su, Yan-Syue	2	0	100	
Independent Director	Yu, Shang-Wu	2	0	100	
Independent Director	Tsai, Song-Qi	2	0	100	
Independent Director	Wang, Chuan -Fen	2	0	100	
Director	Lin, Jin-Bao	2	0	100	
Director	Hsu, Hsing-Hao	2	0	100	
Juristic-person director representative	Peng, Chih-Chiang	2	0	100	

3. Important resolutions of the Investment Review Committee

Meeting date (session)	Agenda	Resolutions and opinion of all
2023/11/06 (2 nd meeting of the second session)	1. The operating status of the company and its subsidiaries' reinvested businesses	Approved by all independent director; it was sent to the board of directors for resolution without any approval by the audit committee and more than two-thirds of all director
2023/12/18 (3 rd meeting of the second session)	1. The company and its subsidiaries' overseas investment and factory establishment cases	

4. Investment Review Committee duties

- (1) Review the company and its subsidiaries' external strategic investments, mergers and acquisitions (including mergers, acquisitions and divisions, etc.), and joint venture investment projects with others, and submit recommendations to the board of directors for discussion.
- (2) Review the company's and its subsidiaries' investments in new businesses, mergers and acquisitions (including mergers, acquisitions, divisions, etc.), and joint venture investment projects with others, and submit recommendations to the board of directors for discussion.
- (3) Review the implementation status of existing investment projects every year.
- (4) Execute relevant affairs in accordance with the resolutions of the board of directors, and report the execution results and other related matters to the board of directors.
- (5) The company may purchase real estate not for business use and its right-of-use assets or securities in accordance with the provisions of Article 6, Paragraph 5 of the Procedure for Acquiring or Disposing of Assets, if the individual investment amount does not exceed NT\$50,000,000. If the accumulated balance does not exceed NT\$80,000,000 the convener of the Association shall be notified in advance and shall be reported to the Association afterwards.

Refer to the company website for more detailed information on the company's Investment Review Committee charter.

(V) Corporate governance and variations with management principles of publicly-listed companies and reasons

Assessment Items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Comply with General Guideline of public-listed companies and disclose company's practical guideline in corporate governance?	Yes		The company has formulated the Practical Guideline for Corporate Governance, and set up effective regulations governing corporate governance framework, protection of the rights and benefits of shareholders, strengthening the function of the board of directors, bringing up the function of the Auditing Committee, showing respect for the rights and benefits of the stakeholder, and enhancing the transparency of information. The Code of Corporate Governance Practice can be found on the company's website.	Comply with best-practice principles, no discrepancy
2. Company shareholding Structure and shareholders' rights				
(1) Has the Company formulated internal operating procedures for handling proposals, doubts, disputes and litigation of shareholders and follow procedures for implementation.	Yes		The company has a "Corporate Governance Code of Practice" and also has spokespersons, acting spokespersons, investment relations, etc., and the contact information is disclosed on the company's website. Shareholders can express their opinions by phone or email, and the company will follow Relevant work program processing.	Comply with best-practice principles, no discrepancy
(2) Has the Company the list of the major shareholders with de fact control of the Company and the final controllers of the major shareholders?	Yes		In accordance with Article 25 of the Securities Trading Act, requires monthly posting of changes in shareholding of the internal staff including directors, managers and shareholders with over 10% equities, on the open information observation website specified by the Securities and Futures Bureau.	Comply with best-practice principles, no discrepancy
(3) Has the Company set up a firewall mechanism for executing risk control of affiliated enterprises?	Yes		Aside from formulation of various risk control mechanisms, the Company also has formulated relevant operation methods for the operation, business and finance with the affiliated enterprises. For instance, in the subsidiary operation method TXC has formulated decision making and approval for the subsidiaries, the management of trading by the associates, specific companies, associates and group trading operation procedures, aside from counseling internal control for the subsidiaries in writing. Moreover, similar to that of the parent company, the acquisition or disposal of assets handling procedures, endorsement method, operation method for loaning to other persons, handling procedures for trading of derivative financial commodities so as to implement the risk control mechanism for subsidiaries. Subsidiaries have already formulated respective risk control mechanisms, and set up risk control mechanisms and firewalls with the affiliated enterprises according to the relevant operating methods of the Company.	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
(4) Has the Company formulated internal regulations prohibiting internal staff utilizing information not yet open to the market for trading of securities?	Yes		<p>The Company formulated the Operating Procedure for Prevention of Insider Trading and "Regulations on whistle-blowing of illegal and unethical or dishonest conduct" to prohibit the internal staff utilizing information not yet open to the market for trading securities. The company conducts educational advocacy on the prevention of insider transaction management operation procedures and related laws and regulations for current directors, managers and employees at least once a year. The human resources unit will give education and announcement during pre-employment training.</p> <p>The relevant directors, managers and employees have been educated on July 5, August 7, and August 14, 2023. The content of the course includes laws related to the prevention of insider trading, maintenance of business secrets, etc., and the briefing of the course is placed on internal staff. The education and training system provides reference for those who are not present on the day.</p> <p>In addition, the board of directors approved the revision of the "Corporate Governance Code of Practice" on August 8, 2022, requiring company insiders to prohibit insider trading of stocks before the release of relevant financial results, and publicized it by e-mail to remind directors and managers not to trade its stocks during the closed period before the financial report announcement; the closed period will be calculated on January 6, 2023 based on the pre-scheduled board of directors date in 2023, and the directors and managers will be informed in advance by e-mail, and will be notified before each closed period. The total of 4 formal notifications were issued in 2023 (January 31, April 17, July 17, and October 16).</p>	Comply with best-practice principles, no discrepancy
3. Members and duties of board of directors				
(1) Has the Board of Directors drafted policies for a diversified board framework?	Yes		Please refer to the company's board of directors' diversity policy for details in the annual report: II. Documents of directors, president, vice presidents, associate vice presidents, and managers of each departments and divisions.	Comply with best-practice principles, no discrepancy
(2) Aside from setting up the Remuneration Committee and the Auding Committee according to the law, is it willing to set up other function committees?	Yes		<p>In addition to establishing a salary and compensation committee and an audit committee in accordance with the law, the company established an investment review committee through a resolution of the board of directors in May 2020 to strengthen the company's investment decision-making quality, implement investment review procedures and performance management, and provide long-term investment strategic planning and Research, review and suggest major investment decisions.</p> <p>The Investment Review Committee had 2 meetings in 2023 to review the operation status of</p>	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			the Company's reinvestment business and financial investment plans.	
(3) Has the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	Yes		<p>The Company has formulated the Directors and General Manager Performance Assessment Method. The performance of the board of directors is regularly evaluated (at least once per year), and regularly carry out performance assessment of the board every year and forward to the Remuneration Committee and the Board of Directors for discussion. Director performance evaluations are performed externally at least once every three years.</p> <p>The company records the evaluation results based on the scoring standards for performance evaluation indicators and submits them to the board of directors, and uses them as a reference for individual directors' salary and remuneration and nomination and renewal. Please refer to the annual report for details of the evaluation results. IV. Corporate Governance Operations (1) Board of Directors Operations Information Page.</p>	Comply with best-practice principles, no discrepancy
(4) Has the Company regularly assessed the independence of the certified accountant?	Yes		<p>In order to strengthen the independence of the CPA and his /her familiarity with company business, an evaluation of CPA independence, competency and performance is performed by the company each year and an assessment is done based on the CPA Evaluation and Performance Assessment Procedure. The results are submitted to the Audit Committee and board of directors for discussion.</p> <p>Its evaluation items (1) refer to the audit quality index (AQI) information and independence statement provided by the accountants, and evaluate the five major dimensions of professionalism, independence, quality control, supervision, and innovation capabilities; among them, the specific indicators of independence are: accountants have no direct or significant indirect financial interest relationship with the company, accountants and all members of the audit service team are not allowed to hold shares in the company, accountants are not allowed to have money loans with the company and have no improper interest relationship After evaluation, the relevant indicators all meet the company's independence evaluation standards. (2) Performance Indicator Items: financial report completion date, interaction between accountants and the company, whether accountants have made positive suggestions on company systems and internal control inspections, etc.</p> <p>The company's 2023 accountant performance evaluation has been completed, and the evaluation result is 92 points. It has reached the assessment method standard of more than 80 points and will be renewed. It was reviewed and approved by the Audit Committee on March 11, 2024 and the Board of Directors on March 11, 2024 to implement corporate governance and improve the Board of Director.</p>	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			If a situation occurs in which the CPA needs to be replaced, the chairman and general manager shall understand the reason for replacement and hold an interview for the replacement CPA. A profile of the CPA and other related information is submitted to the Review Committee for review and then it is passed to the Board of Directors for discussion. Afterward, the CPA may be invited to board of director meetings if necessary.	
4. Have public listed companies established dedicated (ad-hoc) corporate governance units or personnel responsible for corporate governance matters (including but not limited to providing information needed by directors and supervisors to perform their duties, handle matters related to the board of directors meeting and shareholders' meeting, handle company registration and registration of related changes, preparation of the board of directors and shareholders meeting minutes)?	Yes		<p>The company has set up a corporate governance work team. The General Manager was appointed to serve as convenor, on the board of March 22, 2019, the new company secretary was appointed at the Chief Financial Officer Ms. Hong, Guan -Wen (extension: 3230) as the head of corporate governance, who is responsible for the supervision and planning of corporate governance. Her qualifications meet the requirements of more than three years of experience in the management of the company's finance, stock affairs or deliberations according to the Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TWSE/TPEX Listed Companies. The head of corporate governance's duties include: provide directors and Audit Committee with the information required for the implementation and the latest regulations pertaining to the Company's operations, assist directors and Audit Committee in complying with laws and regulations, report regularly to the Corporate Governance Committee and the Board of Directors on corporate governance operations, handle affairs relating to the board and shareholder meetings in accordance with the law, produce the minutes of the Board of Directors and shareholders' meetings, assist directors and members of Audit Committee in their appointments and continuing education, etc., all are performed by the Board's secretary unit.</p> <p>The implementation of the corporate governance in the year of 2023 are as follows:</p> <ol style="list-style-type: none"> 1. 5 board meetings, 5 audit committees, 3 Remuneration Committees, and 2 Investment Review Committee were held. 2. Hold annual shareholders' meeting 3. Board members complete at least 6 credits of refresher courses 4. Insured liability insurance for directors and key staff and reported to the board of directors 5. Conduct performance evaluation of the board of directors and functional committees, the evaluation results both reached 95 points above, and the results were reported to the directors on March 11, 2024. 6. The results of the 9th corporate governance evaluation are the top 6 ~ 20% of listed companies 7. 3 meetings of independent directors and accountants, internal audits, etc. 	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies																								
	Yes	No	Summary																									
			<p>In 2023, the training hours for the head of corporate governance totaled 14 hours :</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2023/03/14</td> <td>Taiwan Academy of Banking & Finance</td> <td>Corporate Governance Forum</td> <td>2</td> </tr> <tr> <td>2023/08/05</td> <td>SECURITIES & FUTURES INSTITUTE</td> <td>Corporate Governance and Securities Regulation</td> <td>3</td> </tr> <tr> <td>2023/08/07</td> <td>Taiwan Corporate Governance Association</td> <td>Trends and risk management of generative AI</td> <td>3</td> </tr> <tr> <td>2023/08/12</td> <td>SECURITIES & FUTURES INSTITUTE</td> <td>Corporate governance trends and sustainable development of companies</td> <td>3</td> </tr> <tr> <td>2023/08/14</td> <td>Taiwan Corporate Governance Association</td> <td>Smart manufacturing trends and the application of digital technology in business management</td> <td>3</td> </tr> </tbody> </table>	Date	Organizer	Course	Hours	2023/03/14	Taiwan Academy of Banking & Finance	Corporate Governance Forum	2	2023/08/05	SECURITIES & FUTURES INSTITUTE	Corporate Governance and Securities Regulation	3	2023/08/07	Taiwan Corporate Governance Association	Trends and risk management of generative AI	3	2023/08/12	SECURITIES & FUTURES INSTITUTE	Corporate governance trends and sustainable development of companies	3	2023/08/14	Taiwan Corporate Governance Association	Smart manufacturing trends and the application of digital technology in business management	3	
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5. Any communication channel between the Company and the stakeholders? Any special zone on the website for the stakeholders for properly responding to the topic of corporate social responsibility where the stakeholders are concerned?	Yes		The company has established a stakeholder communication area, spokesperson system, website and other channels to provide the latest news and corresponding windows for each stakeholder, and respond to issues of concern to stakeholders in a timely manner. In addition, in the stakeholder communication area, if the company's stakeholders have relevant suggestions, doubts or complaints, they can also use the mailbox provided in this area to contact the dedicated window of the audit division. For details, see the company website.	Comply with best-practice principles, no discrepancy																								
6. Any assigned professional stock affairs handling agency for shareholders' affairs?	Yes		The company has appointed Yuanta Securities to serve as the company's stock affairs agent and assist the company in handling matters related to the shareholders' meeting.	Comply with best-practice principles, no discrepancy																								

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
7. Information Disclosure				
(1) Has the company set up website for disclosing finance, business and corporate governance?	Yes		The company and its subsidiaries have actually set up a website to provide financial, business, corporate governance and other information in Chinese and English, and have dedicated personnel responsible for maintaining and updating the information. Please see the company website for details.	Comply with best-practice principles, no discrepancy
(2) Are there other ways of information disclosure (such as English website, assign dedicated person for collection and disclosure of company information? Any spokesman system for implementation? Full process of briefing by the legal person posted on the company website)?	Yes		In addition to its Chinese language website, the company also provides English and Japanese languages websites. A dedicated person is responsible for collecting information and disclosure of major company information. External communication is handled by a spokesperson. Audio and video files of the company's institutional investor conferences are posted on the company's information disclosure website for general reference. Relevant information is posted on the Market Observation Post System designated by the competent authorities.	Comply with best-practice principles, no discrepancy
(3) Has the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and file the first, second and third quarter financial reports and operating conditions of each month as early as possible before the prescribed deadline?	Yes		Although the company's 2022 annual consolidated and individual financial reports were not announced and reported within two months after the end of the fiscal year, they were all completed in accordance with the regulations before the deadline. The financial reports for the first to third quarters of 2023 and the monthly revenue situation are also announced and declared at the MOPS before the stipulated deadline, and the company voluntarily announces and declares the monthly self-financing profit and loss status, and simultaneously uploads relevant information to the company website.	Comply with best-practice principles, no discrepancy
8. Are there other important information for helping understand the operation of corporate governance (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, the rights and benefits of the stakeholders, further studies for directors and supervisors, risk control policy, and execution of risk assessment standard, client policy implementation, purchase of liability risk for directors and supervisors, others)?	Yes		1. Employee rights: Employee rights are handled by the company in accordance with the Labor Standards Act in the company's annual report for information regarding other employee welfare measures, the pension system, continuing education and other related employee rights. The employee rights at our subsidiaries are handled in accordance with their respective national laws and regulations 2. Employee concern: In addition to setting up medical offices at the company and its subsidiaries that are staffed with professional medical care providers, a labor safety & health committee has been established for safety and health procedures for specialist personnel and personnel assistance projects including psychology, medical and health. A wide range of channels have been provided for personnel to express their opinions to create excellent two-way communication channels 3. Supplier relations and stakeholder rights are handled in accordance with the company and subsidiary work procedures and the contracts with cooperating companies to maintain the legal rights of both parties. No related lawsuits have been brought as of today. 4. Investor relations: The company and its subsidiaries are very concerned about investor rights. In addition to posting related information in a timely fashion on the Market	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>Observation Post System and the company website, the company has been awarded an A+ information disclosure assessment rating for the fourth straight year, named a transparent voluntary information disclosure company for eight straight years and received an A++ rating for four straight years, ranked within the top 20% of public listed companies in the 1st corporate governance assessment and within the top 5% of listed companies in the 2nd ~4th assessments. The 5-9th was ranked the top 6-20% of the listed company.</p> <p>5. Stakeholder rights: In holding the beliefs of integrity and honesty, the company is committed to building long-term relationships with stakeholders based on transparency and sincerity. Related information please refer to the company's annual report and website for information regarding stakeholder communication.</p> <p>6. The company's directors attend financial, business and professional knowledge continuing education courses on an irregular basis. Refer to the director and supervisor education and training table in the company's annual report.</p> <p>7. Implementation of the company's risk management policy and risk measurement standard: In the company's annual report for information regarding the risk management policy, organization structure and related risk control work of the company and its subsidiaries. In addition, the company and its subsidiaries analyze, track and respond to possible high risk events caused by operation targets to establish a sound risk management system.</p> <p>8. Protecting consumers or customer policy implementation: Our 'customer first, mission focused' philosophy demonstrates our determination and commitment to our customers, our dedication to quality and hard work to earn customer approval over the years. The company has been given best supplier awards from a number of companies as a form of encouragement.</p> <p>9. The company purchases liability insurance for directors and managers every year. Since August 2021, the insurance amount has been increased from US\$5 million to US\$10 million. When the contract expires, the renewal period, insurance amount, coverage and premium rate of director and supervisor liability insurance will be reported to the board of directors, and the minutes of the board meeting will be submitted to the board of directors. See the company website for details. The board of directors and board meeting minutes are detailed on the company website.</p>	
9. Succession Plan and Operations of Members of the Board of Directors and Key Managerial Officers	Yes		<p>The composition of the board of directors of the company considers its own operation, business model and development needs to formulate an appropriate diversification policy. In response to future strategic development and transformation planning, the professional knowledge, technology and experience required by the company's directors are considered, and the directors are regularly reviewed. The number of people and the conditions that should be met are used to plan the succession plan and candidates of directors. New</p>	Comply with best-practice principles, no discrepancy

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			<p>management team members will be added during the re-election of the last two shareholders' meetings to make directors younger and familiarize themselves with the operation of the board of directors in advance to assist in the company's strategic planning.</p> <p>Colleagues at associate level (inclusive) and above are important management members of the company. In addition to possessing professional functions and leadership, their values must be consistent with the company's corporate culture and business philosophy. They must identify with the company's mission and vision and be jointly responsible for the company's operation and development. , and must have forward-looking planning capabilities, business management capabilities and thinking, as well as perfect execution capabilities.</p> <p>Each management level has a job agent. In order to cultivate important management levels and their job agents, in addition to improving professional and management functions through education and training courses, we also use job rotation, one-on-one experience transfer and guidance. , implement the agent system, and participate in high-level executive meetings to cultivate talents; in 2023, we will launch a major threat course: Ten major trends in the future economy and survival rules, positive profit model, business heart, chip war, and psychological security Seven reading sessions were held, including Power, Zero Rules, and Brand University, with 196 participants. Through the sharing of external industry knowledge, new technological knowledge, and benchmark corporate models, they learned about the latest management thinking and industry trends; at the same time, goal setting was also held 7 physical education and training courses, including determination and performance management, leadership and authorization, talent cultivation, implementation and effect tracking, systematic thinking development, practical discussion of business secrets, occupational safety and health on-the-job training for supervisors at all levels, with 22 training hours hours, the number of trainees is 258; on the other hand, our CEO and general manager communicate with the management at regular monthly operating meetings. In addition to the management reporting and reviewing important operational issues, they also communicate business philosophy and operational development, improve operational management capabilities and thinking, and plan Strengthen the future management team to cope with the company's continued growth and align with the strategic layout of sustainable operations. The company will also arrange for key management personnel to serve as board members of the company or the reinvested enterprise, so that they can become familiar with the operations of the board of directors and participate in the planning of the long-term strategic direction and vision of the company or the reinvested enterprise.</p>	

Assessment items	Operation status (Note1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
<p>10. Please provide information on the status of improvement regarding the results of corporate governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements not yet implemented, state the areas and policies the Company has set as priority for improvement:</p> <p>The company has obtained the top 20% of the companies in first corporate governance evaluation, the top 5% of the listed companies from 2nd to 4th evaluations, and the top 6 to 20% of the listed companies from the 5th to 9th evaluation. The efforts in implementing corporate governance have been recognized. The unscored items are explained as follows:</p> <ol style="list-style-type: none"> 1. Among the current 11 directors of the board of directors of the company, there are two female independent directors (one of them is currently a lawyer), in implementation of the gender equality policy and conformance to multiple backgrounds and competency. However, if any gender does not reach more than one third of the number of directors, the plan is to be evaluated continuously. 2. To publish the annual financial report within two months after the end of the fiscal year: to discuss with the accountant as it is the goal of the company. 3. Voluntary disclosure of remuneration of individual directors and supervisors in the annual report: due to the protection of personal data, it is not disclosed temporarily, and it is planned to be evaluated and disclosed in the future. 4. Signing of group agreements between the company and its employees: the company has not established a professional association, and it is not necessary to sign a group agreement in accordance with the group agreement law. If the association is established, it will be implemented in accordance with the laws and regulations. 				

(VI) Fulfillment of Corporate Social Responsibility and variations with management principles of publicly-listed companies and reasons

1. Discrepancy with best-practice principles of TWSE/GTSM listed companies

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
1. Has the Company established exclusively (or concurrently) dedicated units to implement CSR, and has the board of directors appointed executive-level positions with responsibility for CSR, and to report the status of the handling to the board of directors?	Yes		<p>When the company is committed to the pursuit of corporate growth and sustainable operation, it always promises to be a good corporate citizen. In 2009, the "Corporate Social Responsibility Management Committee" was established. On December 23, 2021, the "Sustainable Development Committee" was reorganized and established by the founder. (Honorary Chairman), Chairman (Chairman), General Manager (Vice Chairman), Chief Financial Officer, Chief Technology Officer, Heads of Centers and Top Supervisors of Subsidiaries, and the Chairman appoints the top supervisor of the management center as the executive secretary. Together with the professions of various departments, formulate medium and long-term sustainable development plans to jointly promote various sustainable development affairs. Please refer to the company website for its organizational structure.</p> <p>The "Sustainable Development Committee" is divided into three groups: corporate governance, employee relations and social participation, environmental protection and energy conservation and carbon reduction. Based on the plan and budget, it analyzes the level of concerns of stakeholders and evaluates the company's various aspects. Impact level, identify major themes, incorporate them into routine work and annual plans, promote and track the work of their respective professions, and integrate important work content and resources to achieve synergy; overseas subsidiaries due to different local laws and regulations, Set up "Social Responsibility Management System" to carry out the activities and verification of sustainable development.</p> <p>The "Sustainable Development Committee" reports the system operation results and future work plans to the board of directors at least twice a year. In 2023, the communication situation with various stakeholders will be reported to the board of directors on March 6, May 9, August 7 and November 6, and the specific operation and implementation results of sustainable development (ESG) will be reported to the board of directors on November 6, 2024. We also report the execution status and resource requirements to the chairman and general manager from time to time to keep abreast of progress and adjust execution strategies and directions in response to current events and emergencies at any time.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
			The content of the report includes: (1) Communication status of stakeholders and issues of concern; (2) Identification of sustainable issues that need attention, definition of major themes and proposal of corresponding action plans; (3) Goals and operational cycle review and policy revision of sustainability-related issues; (4) Supervise the implementation of sustainable management matters and evaluate the implementation status; (5) Greenhouse gas inventory, carbon reduction plan and progress review; (6) Sustainable development performance results, based on which the Sustainable Development Committee proposes corporate strategies. Through regular report interaction, the board of directors supervises and gives guidance and suggestions to the sustainable development committee, implements PDCA. Please refer to the board meeting minutes on the company's website	
2. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)	Yes		<p>In response to major global economic, social and environmental risks, establish systematic risk response policies and procedures in accordance with the principle of materiality and in accordance with ISO 31000 risk management principles and guidelines. The company has set up a risk response organization, with the general manager of the company as the convener, coordinating and directing the promotion and operation of the risk management plan, and responsible for reviewing the company's risk identification operations. Review the situation from an angle, including financial and non-financial risks, and seek opportunities for risk response in addition to mitigation responses. In 2019, the risk identification matrix, the operational risk checklist, and the assessment of intellectual property risks were added.</p> <p>The risk identification process takes into account the frequency of occurrence, the degree of impact and the degree of control for quantitative assessment, covering 1. Business/laws/regulations/standards 2. Political environment changes 3. Economic/financial environment changes 4. Natural disasters (climate change) 5. Technology and information 6. Competitive environment 7. Facilities/equipment 8. Business/market operation 9. Supply chain related 10. Financial operations 11. Community/environmental security 12. Personnel, etc., a total of 92 types of risks are identified and prioritized using matrix analysis.</p> <p>The "Sustainable Development Committee" analyzes the materiality principle of the Sustainability Report, collects issues of concern to various stakeholders, identifies the three major aspects of environment, society and corporate governance, and holds an internal senior executive meeting to discuss and evaluate The extent to which the company's operations have a positive or negative impact on various sustainable management issues, in order to evaluate the material ESG issues, and continue to develop action countermeasures to reduce the impact of related risks.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
			<p>In terms of environment, in terms of the possible risks and impacts of climate change on operations, formulate plans for carbon reduction, energy and water conservation, and solar renewable energy creation; in terms of society, treat employees well with people-oriented, strive to build a friendly workplace, and continuously strengthen quality improvement, education and training, etc. The preventive mechanism enhances the company's value and exceeds customer expectations; in terms of corporate governance, formulates "key operational risk management measures" for risk management and implementation.</p> <p>The company held regular risk management meetings in 2023 on April 10 and October 18, and identified according to the risk control mechanism:China-US trade restrictions and technological conflicts, the Ukraine-Russia war and Taiwan Strait tensions, demand uncertainty and inventory control, ESG Promote projects such as the development of China's independent IC industry, the development of the Israel-Kazakhstan war, acceleration of exchange rate changes, rising vehicle demand, natural disasters, and production bases in low-risk countries. Actively develop internal risk mitigation strategies, plans, and operational continuity plans to eliminate, reduce, transfer, and accept risks; strengthen early warning and monitoring capabilities and promote risk identification and control; promote an appropriate risk management-oriented business model to achieve operational success The goal is to enhance the value of shareholders and internal and external stakeholders. A report on the implementation of operational risk management in 2023 will be conducted at the board meeting on November 6, 2023. Please refer to the company website for details.</p>	
3. Environmental issues				
(1) Does the company establish appropriate environmental management system according to its industrial characteristics?	Yes		The company establishes an environmental management system in accordance with ISO 14001 and has passed third-party verification. In addition, it conducts annual greenhouse gas inventory in accordance with ISO14064-1 specifications, and tracks emission reduction results and discloses it in the sustainability report and the company's website.	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
(2) Is the company committed to improving the utilization efficiency of energy and using recycled materials with low impact on environmental load?	Yes		<p>The company and its subsidiaries continue to promote energy-saving and carbon reduction programs, the goal is to achieve an energy-saving rate of more than 1% compared with the previous year, and the energy-saving rate in 2023 will reach about 1.5%, continue to promote self-built solar power generation systems, use energy-saving lighting fixtures throughout the factory, and adjust public lighting in the factory area in accordance with sunrise/sunset times Time, adjust the start/stop time of air-conditioning and hot water supply time in the living area according to the weather and temperature, recover the concentrated water from the process and flush the toilet for reuse, recycle scrap products and leftovers to qualified scrap metal resource recycling manufacturers, and refine gold, silver, etc. Residual value utilization of precious metals; and promotion of process waste heat recovery and reuse, new heat pump system energy saving, plant equipment energy efficiency improvement project and ISO50001 energy management system verification. The company continues to establish and publicize employees' relevant environmental protection knowledge and concepts, so as to fully protect the earth's responsibility and effort, please refer to the company website for details; for energy use, please refer to the sustainability report</p> <p>According to the relevant international laws and regulations and the green product requirements of key customers, the company formulates the most stringent requirements into the [Environmental Management Substance Management Standards] to follow, and simultaneously requires suppliers based on this, and regularly collects information on hazardous substances from suppliers to Confirm that it meets the requirements, except that it has obtained the certification of IECQ QC 080000 Hazardous Substance Process Management System, and regards green procurement activities as the basis for continuously providing green products to users, so as to meet the requirements of non-use and non-contamination from product design to manufacturing and shipment. , free from pollution, thereby reducing the impact of products and services on the environment; in order to strengthen the management of green products in the supply chain, suppliers are encouraged to introduce the IECQ QC 080000 hazardous substance process management system in addition to the basic ISO 9001 quality system , to implement the implementation of environmental management activities.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
(3) Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related issues?	Yes		<p>Under the important issue of climate change, the company continues to actively promote relevant activities. In addition to grasping the company's carbon emissions through "Greenhouse Gas Verification" (ISO 14064-1), it also discloses carbon, water, forests through CDP questionnaires., and other relevant data related to natural capital management, and understand the relevant risks and opportunities according to the scoring results, which will be used as measurement factors for subsequent decision-making on related activities and investment choices. In addition, through the ISO14001 management review meeting, the company reviews the actual carbon reduction implementation measures of the previous year and examines the implementation results, actively facing various carbon reduction measures. Inventory the risks and opportunities derived from climate change, including direct or indirect physical impacts, the impact of transformation due to regulations, technology or market demand... and other risks and opportunities on the company's operating activities, and strengthen the company's corporate identity through the identification of relevant units Climate change governance to reduce risks and seize business opportunities.</p> <p>The Sustainable Development Committee and the functional group, according to the TCFD disclosure framework, incorporate climate-related risks and opportunities into assessment and identification, and propose response measures, plans and goals through the four aspects of governance, strategy, risk management, indicators and goals, focus on (1) Issues with increasing stakeholder concerns and negative feedback (2) Two major risks of sustained high temperatures; opportunity focus: use of low-carbon energy. Proposed countermeasures: Continue to conduct greenhouse gas inventory and verification and expand to product carbon footprints, purchase renewable energy, and eliminate high-energy-consuming equipment. Regularly disclose climate governance-related information, improve information transparency, promote sustainable operations, and report to the board of directors for review progress and rolling adjustments. The details are publicly disclosed in the ESG report.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
(4) Does the company make statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	Yes		<p>The company through the ISO 14001 system, strengthens self-management, continuously improves environmental performance, and maintains the overall operation effectively and properly. The company complies with the relevant requirements of government laws and regulations and other applicable international regulations. For the control of pollution prevention and control, we have obtained the "fixed pollution source operation permit", "water pollution prevention and control permit", and "business waste disposal plan" according to law " and "Toxic Chemical Substances Operation Permit Document", etc., and regularly carry out inspections, maintenance, reporting and testing in accordance with its regulations. See the company's website for details on greenhouse gas emissions, water consumption and total waste weight.</p> <p>The company and its subsidiaries have been promoting carbon management related operations for some time, and regularly conduct "greenhouse gas verification" (ISO 14064-1). To determine improvement measures in order to achieve the goal of reducing carbon dioxide emissions (at least 1% per year), to demonstrate the company's determination to protect the environment.</p> <p>The company has been concerned about water resources energy conservation and environmental protection issues for many years. In terms of water conservation plans, it starts with the full implementation of the daily water consumption, and maximizes the benefits of the available resources. Over the years, it has been committed to the recycling of water resources, and collects the RO concentrated water generated in the process of manufacturing pure water and it is expected that the water intensity of tap water in the plant area will be reduced by 20% in 2025 (based on 2020).</p> <p>The company is committed to environmental protection and formulates various reduction plans, and takes "zero waste in the process" as the ultimate goal of waste management. In recent years, we have continued to reduce the use of raw materials and the generation of waste through process improvement, recycling of waste solvents and measures to reduce people's livelihood to reduce the use of disposable tableware, reduce the amount of kitchen waste, and improve the resource recovery rate. We hope that the factory will be abandoned in 2025 and the production rate can be reduced by 20% (based on 2020)</p>	Comply with the best-practice principles, no discrepancy
4 Social issues				

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
(1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	Yes		<p>In order to protect the rights and interests of workers, the company and its subsidiaries have formulated "Labor Rights and Ethics Policies", each following the recognized human rights principles such as local labor laws and the Code of Conduct of the Responsible Business Alliance, and formulating "Labor Rights and Ethics and Ethics" to protect the legitimate rights and interests of employees. Policy", and check whether the proposed policy needs to be revised and adjusted in the quarterly labor-management meeting, in order to comply with corporate ethics and fulfill corporate social responsibility, and announce it to the public. Please refer to the company website for details.</p> <p>Every year, through independent attention to major social issues, employee opinion surveys, and two-way communication forums at all levels, we review and understand the content of relevant issues, so as to prevent potential human rights risks and propose improvement plans.</p> <p>TXC also through the annual training of corporate social responsibility courses and human rights policy promotion, so that colleagues understand their own rights and corporate social responsibility policies and practices. A total of 2,858 employees completed the training in 2023.</p>	Comply with the best-practice principles, no discrepancy
(2) Does the company establish and implement reasonable employee welfare measures (including compensation, vacation and other benefits), and properly reflect the operating performance or results in employee compensation?			<p>The company and its subsidiaries set salary scales based on the relative contribution of positions, in line with operational development strategies, and based on employees' personal performance, future development potential and operating conditions as the basis for salary adjustments and bonus payments to drive employees to make positive efforts. To encourage excellent performance and achieve "internal fairness" and "individual fairness" in remuneration; in addition to the amount of bonuses set aside based on net profit before tax every year, if the company makes a profit that year, it will allocate 9 % is employee remuneration, and bonuses and employee remuneration are awarded based on individual employee performance evaluation and contribution, so as to give back to colleagues in a timely manner and share operating results. The "Remuneration Committee" regularly reviews the rationality of various salary and benefit systems, maintains high-level employee benefits, and attracts outstanding talents to join. It also sets up employee stock ownership trusts and various bonus systems, and flexibly adjusts the salary system to gather centripetal force for long-term retention. The average salary increase in 2023 is 0.75%, and a total of 31 colleagues with outstanding performance will be promoted. They will be recognized and encouraged to develop their expertise and potential in a timely manner to retain and develop talents.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
	Yes		<p>According to the Labor Standards Law, the Labor Retirement Measures (Old System), the labor retirement reserve fund of 9% of the monthly wages is allocated to the special account of the Bank of Taiwan on a monthly basis, and the Labor Retirement Reserve Fund Supervisory Committee is responsible for the management and use of matters. From July 1, 2005, in accordance with the "Labor Pension Regulations", a labor pension (new system) of 6% of the monthly salary is paid on a monthly basis, and stored in the labor pension individual account established by the Labor Insurance Bureau. In January 2007, the Employees' Pension Fund Management Committee was established to allocate 8% of the monthly wages to employees' pensions on a monthly basis to protect the retirement planning of the appointed managers.</p> <p>Since 2009, the company has also set up an "employee stock ownership trust" to provide relatively allocated bonuses to assist employees in long-term investment, financial management and retirement planning.</p> <p>Starting from 2021, in order to assist employees in family care and reduce the burden of childcare, in response to the government's countermeasures against childbirth, implement childcare allowances for employees (0-5 years old), provide a safe and friendly workplace, and enable employees to take care of families and work development. Flexible working hours, guaranteed return to work upon expiry of the childcare stay period, setting up exclusive parking spaces for pregnant women and breastfeeding rooms.</p> <p>The company attaches great importance to and is committed to implementing a friendly workplace with equal rights to work and diversity and tolerance. In 2023, the average proportion of female employees was 60%, and the average proportion of female supervisors was 17.1%. With 100% goal; in the same way as the customs and culture of foreign employees, provide project activities in festivals, catering and accommodation.</p> <p>The company plan and provide high-quality benefits for employees: wedding/birth gifts, birthday gifts, three-section gifts, employee travel subsidies, and comprehensive care for employees to provide regular free health checks, group insurance and condolences. In addition, the company also has an Employee Welfare Committee, which plans and promotes diversified employee benefits and activities based on the concept of "work/life balance". Regularly organize physical and mental health activities. In addition, it is clearly stipulated in the "Management Measures for Performance Evaluation" that supervisors may give appropriate rewards in performance evaluations based on employees' input and cooperation in CSR-related activities.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
(3) Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	Yes		<p>The company follows the occupational safety and health law and formulates policies based on the expectations of stakeholders, and takes zero disasters as the goal of occupational safety and health management.</p> <p>The company has set up an occupational safety and health committee to regularly discuss and deal with issues related to occupational safety and health on a quarterly basis to ensure the safety and hygiene of the working environment. And through the ISO 45001 occupational safety and health management system, we will continue to improve the safety and health technology in the factory, reduce overall operational risks, and reduce operating losses. The ISO45001 and TOSHMS certifications are valid until October 27, 2025. For factory safety management, the company will revise and implement various safety and health management measures every year in accordance with the occupational safety and health management plan, and require relevant colleagues to comply and implement them. Occupational safety and health-related training is also conducted in accordance with relevant laws and regulations for new employees, Personnel at all levels are educated and trained and obtain relevant certificates in accordance with the law, and personnel are sent from time to time to participate in seminars or briefings organized by government agencies or academic institutions; in addition to regular testing of the factory operating environment in accordance with the law, various inspections and Inspections are made to maintain the safety of the factory environment, facilities and equipment; for accidents that occur in the factory, investigations, improvements and reports are completed to the competent authorities in accordance with relevant regulations; for fire safety management in the factory, fire prevention managers have been selected and managed in accordance with regulations , Fire equipment maintenance declaration is carried out every year in accordance with regulations. In addition to maintaining abnormal equipment, it will also review whether each area needs to add fire safety facilities for reinforcement. Currently, the factory mainly has fire trusted switchboards, automatic fire alarm equipment, Fire detectors, fire pumps, automatic fire extinguishing systems, fire extinguishers, emergency escape lighting and other necessary fire safety equipment. In addition, fire safety training and drills are conducted every six months to enhance employees' fire safety awareness and emergency rescue experience. In addition, a medical office is also set up, where on-site doctors and health care staff provide interview guidance and health management measures. Health information (including disease prevention) lectures are held from time to time. Please refer to the company's website for related health management activities.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			The company's Ningbo plant and Chongqing plant have respectively set up an environmental health and safety committee and a safety production management committee, which hold a monthly review of the work progress and discuss environmental safety and hygiene issues. A number of new human health education and publicity courses are held regularly every year, and healthy life is promoted to all colleagues by email every month. The company also provides health information from time to time on the company's internal website and e-mail to strengthen the health knowledge of employees and their families.	
(4) Does the company establish an effective career development training program for its employees?	Yes		<p>The company and its subsidiaries plan employee training courses according to the grade/grade system and actual needs to strengthen employees' professional knowledge, skills and expertise, thereby improving their work performance. Training courses include new personnel training, professional training, management training, general training, self-inspiration and growth and online learning platform courses. A total of 61,680 people/time completed training in 2023, with a total training hours of 104,323 hours.</p> <p>Every year, supervisors and subordinates communicate and discuss together, formulate a personal development plan with clear and specific practices, and continue to track and evaluate</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
(5) Does the company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers?	Yes		<p>To ensure that the products manufactured by the company can meet international standards, and simultaneously protect the use rights and interests of consumers. Since 2005, we have insured all our products against full product liability insurance from a reputed international insurance company. Since the company's products are mainly active and passive components that generate frequency, even if the product loses function (poor frequency or unable to vibrate), it will not cause physical injury to the agents of the sales channel or the users of the product. Therefore, the company's long-term goal of insuring product liability insurance is to meet its own requirements with the highest ethical standards, to share the risks and responsibilities of sales channel partners and improve after-sales service and guarantee.</p> <p>The company will regularly arrange meetings to communicate with customers, and carry out customer satisfaction surveys every year to identify five aspects of contact with customers. Each aspect has its own unit responsible for the establishment of satisfaction indicators and objectives, and for the implementation of satisfaction monitoring. If the analysis of satisfaction data fails to meet the requirements, the responsible unit shall implement the improvement strategy and conduct an audit at the senior management review meeting.</p> <p>In case of product application and quality related problems, corresponding business representatives are responsible for handling related issues and launching internal response, improvement and tracking platform.</p>	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies																																													
	Yes	No	Summary																																														
(6) Does the company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, labor rights and other issues?	Yes		<p>In order to ensure that the requirements and spirit of CSR are implemented to our supplier partners, our suppliers need to regularly sign the "integrity commitment letter", "environment, occupation, safety, health status questionnaire", "industry code commitment letter", "green products and environmental protection statement" and "non conflict financial statement" to enable suppliers to follow the CSR scope. In addition, relevant organizations and units of the company regularly evaluate suppliers to ensure that suppliers can meet the medium and long-term development plan of the company, comply with relevant international standards, and maintain long-term high-quality partnership.</p> <p>In view of the increasing importance of various issues related to corporate governance, such as the care of employees' rights and interests related to human rights, environmental safety and hygiene, the company will give priority to suppliers with the following systems. The following table shows the company's important suppliers Percentage of each certification system:</p> <table border="1" data-bbox="817 718 1892 1260"> <thead> <tr> <th colspan="2">Visit verification</th> <th>Number of investigators</th> <th>Number of match</th> <th>%</th> </tr> </thead> <tbody> <tr> <td colspan="2">Responsible Business Alliance Guidelines</td> <td>52</td> <td>52</td> <td>100%</td> </tr> <tr> <th colspan="2">System verification</th> <th>Number of investigators</th> <th>Number of match</th> <th>%</th> </tr> <tr> <td colspan="2">ISO 9001 Quality management system</td> <td>52</td> <td>51</td> <td>98%</td> </tr> <tr> <td colspan="2">ISO 14001 Environmental Management System</td> <td>52</td> <td>44</td> <td>85%</td> </tr> <tr> <td colspan="2">ISO 28000 Secure Supply Chain Management System</td> <td>52</td> <td>25</td> <td>48%</td> </tr> <tr> <td colspan="2">ISO 45001 Occupational Safety and Health Management System</td> <td>52</td> <td>17</td> <td>33%</td> </tr> <tr> <td colspan="2">IECQ/QC080000 Hazardous Substance Process Management System</td> <td>52</td> <td>6</td> <td>12%</td> </tr> <tr> <td colspan="2">ISO 14064 Greenhouse Gas Inventory</td> <td>52</td> <td>6</td> <td>12%</td> </tr> </tbody> </table>	Visit verification		Number of investigators	Number of match	%	Responsible Business Alliance Guidelines		52	52	100%	System verification		Number of investigators	Number of match	%	ISO 9001 Quality management system		52	51	98%	ISO 14001 Environmental Management System		52	44	85%	ISO 28000 Secure Supply Chain Management System		52	25	48%	ISO 45001 Occupational Safety and Health Management System		52	17	33%	IECQ/QC080000 Hazardous Substance Process Management System		52	6	12%	ISO 14064 Greenhouse Gas Inventory		52	6	12%	Comply with the best-practice principles, no discrepancy
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Assessment items	Operation Status (Note 1)			Discrepancy with best-practice principles of TWSE/GTSM list companies
	Yes	No	Summary	
5. Does the company prepare corporate social responsibility reports and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the disclosure report confirmed or guaranteed by a third party certification unit?	Yes		<p>The company has issued the corporate social responsibility report since 2009, and changed its name to the sustainability report in 2021. In order to fully disclose the practices and achievements in the three aspects of corporate social welfare, corporate operation governance, and environmental safety and health, we have based on the global sustainability report over the years. Development Report Guidance (GRI) and AA1000 Standard Compilation Report, written in accordance with the new version of GRI Standards (GRI Standards) since 2017, using the latest published standards as the basis for continuous improvement of the three aspects of social responsibility, 2021 Annual Sustainability Report In addition to the above-mentioned standard framework, the book also incorporates the content of the TCFD and SASB frameworks to strengthen corporate governance of climate-related risks and opportunities. And entrusted the third-party verification unit "British Standards Institution" (BSI), according to the AA1000 assurance standard and "The Core option" (The Core option) of the GRI standard, after the inspection, it complies with the inclusiveness, materiality and responsiveness of the information disclosure, and issued The independent guarantee statement is an appendix to the 2022 Annual Sustainability Report. The 2023 sustainability report is expected to be submitted and published on the company website before June 30, 2024.</p> <p>All the data disclosed in the report conform to the corresponding management system specifications, and the financial related results are calculated in NT dollars and have been verified by accountants from Qinye Zhongxin United Accounting Firm; the management system of the environment, safety and sanitation is not completed regularly In addition to internal audits, it also accepts external audits of ISO 14001 and ISO 45001 every year. Greenhouse gas emission data is calculated using the coefficient used in the "Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4)" provided by the Environmental Protection Agency, and the carbon dioxide emission data of the product carbon footprint is based on the DoITPro: 2013 database of the Industrial Technology Research Institute It is derived from the coefficients and calculation rules provided.</p>	Comply with the best-practice principles, no discrepancy
6. If a company has its own corporate social responsibility code in accordance with the code of practice for corporate social responsibility of listed and OTC companies, please state the difference between its operation and the code :	<p>The company prepares a corporate social responsibility report every year. The report content and related operations are consistent with the corporate social responsibility code of practice for listed and OTC companies, and there is no significant difference. It is disclosed at the public information observatory and the company website. Please refer to the company website.</p>			
7. Other important information to understand the operation of CSR :	<p>For information about corporate social responsibility of the company and its subsidiaries, such as corporate governance, environmental safety and health, and social welfare, please refer to the company website.</p>			

Note 1: If "yes" is checked in the operation, please indicate the important policies, strategies, measures and implementation; if "no" is checked in the operation, please explain the reasons and explain the plans for adopting relevant policies, strategies and measures in the future. However, regarding promotion projects 1 and 2, listed OTC companies should describe the governance and








supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. It also describes the company's risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status.







Note 2: Materiality principle refers to those issues related to environment, society and corporate governance that have a significant impact on the company's investors and other stakeholders.









2. Climate related information



(1) Implementation of climate-related information

Item	Implementation												
<p>1. Describe the board and management’s oversight and governance of climate-related risks and opportunities</p> <p>2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (short-term, medium-term, long-term)</p> <p>3. Describe the financial impact of extreme climate events and transition actions</p> <p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained</p> <p>6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated</p> <p>8. If climate-related goals are set, information such as the activities covered,</p>	<p>The company follows TCFD as a methodology for mitigating climate change actions. The board of directors and senior managers’ direct operational strategies, promote measures to respond to identified climate change risks and opportunities, and regularly track and supervise through targets; at the same time, we increase the transparency of information related to climate governance. , regularly disclosed in the sustainability report to actively respond to and look forward to mutual exchanges from all walks of life to promote sustainable management.</p> <p>Based on the identification results, the company impact degree and occurrence possibility of each issue were confirmed, and the risk issues of "increasing greenhouse gas emission pricing", "average temperature rise", and "using low-carbon energy" opportunity issues were identified, and corresponding measures were formulated respectively.</p> <p>Climate risk impact and scenario analysis and response strategies :</p> <p style="text-align: center;">Climate Risk Impacts, Scenario Analysis and Response Strategies</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #4F81BD; color: white;">Increase GHG emission pricing</th> </tr> </thead> <tbody> <tr> <td style="background-color: #D9E1F2;">Scenario analysis/Reference Scenarios</td> <td>The national policy requires that carbon fees be continuously increased year by year. 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As a result, product or process design will continue to have an impact on the raw material costs and low-carbon technology development, and will be subject to the risk of being marginalized by the law and the market.</p> <p>Short- and medium-term risks: Greenhouse gas emissions from transportation are affected by the interaction between carbon fees and the replacement of low-carbon transportation equipment, which increases the product transportation cost.</p> <p>Long-term risks: Environmental taxes (e.g. Carbon Boundary Tax, etc.) or the application of green construction methods and low-carbon materials continue to increase the raw material costs resulting in an impact on operating costs.</p> <p>A. Degree of the impact: The requirements of laws and regulations, or government, and the expectations of stakeholders (e.g. Customers) are anticipated to cause impacts on the Company's operations in the near future. 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<p>greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, information such as Explain the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) being redeemed</p> <p>9. Greenhouse gas inventory and confirmation, reduction goals, strategies and specific action plans</p>	<p>Increase GHG emission pricing ▶ Short- and medium-term overall response strategies</p> <p> The Company actively collects information on low-carbon technologies and conducts research and development of low-carbon technologies or processes on its own or through partnerships.</p> <p>The Company continues to appoint a third-party independent agency to conduct greenhouse gas emission verification in accordance with ISO 14064-1, and fully complies the organization's overall greenhouse gas emission status. It sets specific and feasible carbon reduction goals based on the scientific reduction methodology provided by the SBT. Assess and promote the carbon footprint, we will continue to accumulate practical experience, and introduce the tools. </p> <p> Establish the Company's carbon fees, greenhouse gas emission allowance, and carbon pricing analytical strategy; Meanwhile, evaluate the greenhouse gas reduction proposal and seek for incentives.</p> <p>Purchase competitive renewable energy and purchase carbon allowance for greenhouse gas emissions that can no longer be reduced. </p> <p> Allocate budget to persistently activate a replacement mechanism for high-energy-consuming equipment and operations.</p> <p>Increase GHG emission pricing ▶ Long term overall response strategies</p> <p> Continuously optimize the Company's carbon fees, greenhouse gas emission allowance, and carbon pricing analytical strategy; Meanwhile, refine the greenhouse gas reduction proposal and seek for incentives.</p> <p> We will continue to purchase competitive renewable energy and continue to increase the proportion of renewable energy. We will purchase carbon allowance to cope with the greenhouse gas emissions that cannot be reduced, thus we expect to achieve the net-zero carbon emission goal in the future.</p> <table border="1" data-bbox="587 1077 1394 1827"> <thead> <tr> <th colspan="2" data-bbox="587 1077 1394 1115">Average temperature rising</th> </tr> </thead> <tbody> <tr> <td data-bbox="587 1122 655 1223">Scenario analysis/Reference Scenarios</td> <td data-bbox="655 1122 1394 1245">The conditions were based on the headquarters in Taiwan, the MIROC-ESM-CHEM climate model was applied to estimate the temperature and rainfall trends given the RCP4.5 GHG stabilization scenario: 24.95 °C and 5.76 mm/day in 2030, 24.84 °C and 5.36 mm/day in 2050. 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Item	Implementation
	<p data-bbox="587 208 1070 235">Use of Low Carbon Energy» Overall response strategies</p> <div style="display: flex; justify-content: space-between;"> <div data-bbox="587 241 1161 544" style="border: 1px solid #ccc; padding: 10px; background-color: #e0f2f1;">  <p data-bbox="635 297 1109 521">The Company actively collects information on low-carbon technologies and conducts research and development of low-carbon technologies or processes on its own or through partnerships. Meanwhile, we will increase the proportion of renewable energy in use, reduce greenhouse gas emissions, minimize the impact from government carbon fees and electricity price, in order to reduce costs and maximize budget flexibility for research and development or purchase of low-carbon raw materials, technologies, or manufacturing processes.</p> </div> <div data-bbox="1185 241 1481 544" style="border: 1px solid #ccc; padding: 10px; background-color: #e0f2f1;">  <p data-bbox="1233 309 1465 521">Set net-zero emission as the brand strategy. Short-term goal is to prepare energy and to plan brand strategy; medium-term goal is to market low-carbon technology, and long-term goal is to launch as net-zero emission products.</p> </div> </div>

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

● **Greenhouse gas inventory information**

Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/million yuan) and data coverage of greenhouse gases in the past two years.
TXC Corporation follows the ISO 14064-1 international standard to conduct a greenhouse gas inventory of all greenhouse gas emissions generated within the organization. The inventory items are Category 1 (direct emission sources), Category 2 (indirect energy emission sources), and Category 3 (transportation indirect Emission source - employee business trip transportation), Category 4 (service indirect emission source - waste disposal emission). The emissions in 2021 are 25,472 metric tons of CO ₂ e, and the intensity is 2.18 metric tons of CO ₂ e/million yuan; the emissions in 2022 are 27,516 metric tons of CO ₂ e, and the intensity is 2.60 metric tons of CO ₂ e/million yuan; during the 2023 inventory, complete information will be disclosed in the ESG report.

● **Greenhouse Gas Confirmation Information**

Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.
From 2021 to 2022, we will follow the ISO 14064-1 international standard and entrust the British Standards Institute (BSI) to conduct greenhouse gas verification. The inventory emission boundaries are No. 4, Gongye 6th Road, Pingzhen District, Taoyuan City and No. 7, Hangxiang Road, Dayuan District, Taoyuan City. Floor, verification statement are all published on the company's official website. During the 2023 inspection, complete information will be disclosed in the sustainability report.

● **Greenhouse gas reduction goals, strategies and specific action plans**

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.
The greenhouse gas base year of Taiwan Crystal Technology is set in 2022. Following the ISO 14064-1 international standard, a greenhouse gas inventory was conducted on all greenhouse gas emissions produced within the organization. The inventory resulted in emissions of 27,516 metric tons of CO ₂ e. Taiwan Crystal Technology follows the ISO 50001 energy management system and uses the P-D-C-A cycle management methodology to conduct systematic inventory, risk assessment and review, confirm business activities, equipment, operating procedures, services and product aspects, and collect the location and extent of energy, and time and activity trends, etc., through data analysis to formulate action plans to effectively reduce energy consumption, especially usage habits, energy recycling, energy-saving replacement and improvement measures for factory facilities, process equipment and transportation, such as : replace high-efficiency lighting fixtures, improve hot water boilers, optimize process parameters, etc. to cope with future greenhouse gas emission reporting obligations and carbon fee payment risks.

3. Organizational Structure of the Sustainability Committee



4. Sustainable Development Strategies and Policies

TXC Corporation adheres to the founding spirit of "integrity, pragmatism, innovation, and service" and its organizational management culture of "harmony, unity, and high efficiency". The two are compatible and integrated to form core values.

Internally, externally, with people or things, honesty is the first priority. In particular, sustainable development strategies should be disclosed honestly. We should fulfill every commitment on environmental protection, social responsibility and corporate governance with mutual trust, responsibility and truthfulness, and look to the future. Steadily promote the company's sustainable development, continue to improve and strive for excellence, pursue sustainable development and innovation with an open mind, gain the trust of all stakeholders, and maintain long-term harmonious relationships.

Through the actions of discipline, communication, respect, efficiency and unity, and the same values, we will face various environmental, social and corporate governance challenges in the future and move towards the corporate vision of excellent performance and sustainable operation.

As TXC Corporation strives to pursue corporate growth and sustainable management, it has always committed itself to being a good corporate citizen, and has adopted "integrity" as its operating principle for upstream and downstream manufacturers. It has also consistently strengthened corporate social welfare and environmental protection activities. In recent years, based on the belief and mission of society and environmental protection, the company has actively promoted green product design and promotion of various environmental protection activities within the company, so as to protect the environment and achieve sustainable development.

Based on the above, the company promises to proceed from the three aspects of "corporate social welfare", "corporate operational governance" and "environmental safety and health". For details, please refer to the ESG report and the company website.

5. Fulfill sustainable development situation

The Sustainable Development Committee consists of the Chairman, Vice Chairman and members jointly confirming the company's sustainable development strategies and action plans, agreeing on management policies and short, medium and long-term goals, and providing regular supervision. The executive secretary is the top manager of the management center, responsible for coordinating the planning and promotion of issues related to sustainable development, as well as coordinating sustainable development and promoting cooperation among groups.

The sustainable development promotion team has three functional groups, each with designated

supervisors and members, covering the company's operating department supervisors and colleagues, collecting information from domestic or foreign customers, markets, local governments, etc. on environmental protection (E), social responsibility (S), and corporate governance (G) related issue information, based on which management policies, short, medium and long-term goals and action plans are formulated. After submitting to the committee, implementation and progress reports are implemented according to the agreed content. For details, please refer to the ESG report and the company website.

(VII) Implementation of Ethical Corporate Management and variations with management principles of publicly-listed companies and reasons

The company's "integrity operation code" has been adopted by the board of directors and submitted to the general meeting of shareholders on June 19, 2013 and the "integrity operation procedure and code of conduct" adopted by the board of directors on April 24, 2017. Meanwhile, the "internal control system and internal audit implementation rules for integrity" have been formulated, which will be included in the actual audit project. The company will follow this "code of conduct for integrity" in the future. In order to improve the effect of the company's integrity operation, and to implement the integrity operation principle more effectively, the company shall establish an integrity operation corporate culture and sound development, pay attention to the development of relevant domestic and foreign integrity operation norms at any time, and encourage directors, independent directors, managers and employees to put forward suggestions, so as to review and improve the integrity operation rules formulated by the company, and at the end of each year the company's performance of corporate social responsibility shall be reported to the board of directors.

1. Performance of integrity operation and the difference between integrity operation rules of listed and OTC companies and the reasons

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
1. Establish integrity business policies and plans				
(1) Does the company have an integrity operation policy approved by the board of directors, and clearly state the integrity operation policy and practice in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	Yes		The "code of integrity" adopted by the board of directors and the "code of conduct" handbook in both Chinese and English are adopted by the company. Therefore, all colleagues and board members of the company and its subsidiaries have understood the relevant codes and need to sign the "Declaration of responsibility" attached to the handbook to ensure that all colleagues have "received", "read" and "understood" "Accept" and agree to "maintain" all contents of this handbook as the principle for all colleagues to carry out business, and report the operation and implementation of integrity to the board of directors at least once a year.	Comply with the best-practice principles, no discrepancy
(2) Does the company establish an evaluation mechanism for the risk of dishonest behavior, regularly analyze and evaluate the business activities with high dishonest behavior risk within the business scope, and formulate a plan for preventing dishonest behavior based on it, and at least cover the preventive measures for the behaviors in Article 7, paragraph 2, of the code of honest operation for listed and OTC companies?	Yes		The company has formulated a risk assessment mechanism for dishonest behavior, and set out in the business code of corporate integrity the preventive measures for dishonest behavior: 1. Offering and receiving bribes; 2. Providing illegal political contributions; 3. Improper charitable donation or sponsorship; 4. Providing or receiving unreasonable gifts, hospitality or other improper benefits 5. Infringement of business secrets, trademark rights, and patent rights, copyright and other intellectual property rights 6. Engaging in unfair competitive behavior 7. Directly or indirectly damaging the rights and interests, health and safety of consumers or other interested parties when products and services are used in R & D, procurement, manufacturing, supply or sale. In the "information security management measures", "confidential document management measures" and "employment contract", preventive measures are formulated to protect business secrets.	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			The company regularly analyzes and evaluates the business activities with high risk of dishonest conduct within the business scope; In 2023, 26 publicity courses were held and 25 related information were pushed in-group messages. The contents of the courses include laws and regulations on prevention of insider trading, maintenance of business secrets, intellectual property rights and other legal knowledge. The course briefs were placed in the internal staff education and training system to provide references for those who did not attend on that day and abide by the work related business when necessary.	
(3) Does the company specify operating procedures, conduct guidelines, disciplinary and grievance systems for violations in the prevention of dishonest conduct plan, implement them, and regularly review and amend the aforementioned scheme?	Yes		The company and its subsidiaries have "guidelines for integrity operation procedures and conduct" and "code of ethical conduct", which encourage employees to report to the board of directors, managers, internal audit directors or other appropriate personnel when they suspect or find any violation of laws, regulations or code of ethical conduct. In order to encourage employees to report violations, the company has established relevant procedures or mechanisms, and let employees know that the company will do its best to protect the safety of the informant from being revenged. In addition, when a director or manager violates the code of ethical conduct, the company shall deal with it in accordance with the disciplinary measures set by the director or manager in the code of ethical conduct, and immediately disclose the information such as the title, name, date of violation, cause of violation, violation and treatment of the person who violates the code of ethical conduct at the public information observatory. The company submits the implementation of honest operation to the board of directors every year, and regularly reviews and revises the previous disclosure scheme to meet the needs of the times. Please refer to the company website.	Comply with the best-practice principles, no discrepancy
2. Implement integrity operation				
(1) Does the company assess the integrity records of its counterparties and specify the integrity terms in the contracts it enters into with them?	Yes		The company and its subsidiaries will conduct credit rating on the suppliers and customers of the cooperation, and require the suppliers to sign a letter of commitment of integrity to fulfill the contract of business activities in a fair and ethical manner and in strict accordance with relevant laws, regulations and contract terms. In case of dishonesty, the contract may be terminated or terminated provisions of the contract at any time.	Comply with the best-practice principles, no discrepancy
(2) Does the company set up a dedicated unit under the board of directors to promote the integrity operation of the enterprise, and regularly (at least once a year) report to the board of directors its integrity operation policies, plans to prevent dishonest behavior and supervision of implementation?	Yes		In order to implement and improve the management of the company and its subsidiaries, the management center is the special unit responsible for the integrity management. The top director of the center is responsible for the formulation and implementation of the integrity management policy and prevention plan, and the audit unit is responsible for the supervision. At the end of each year, the company shall regularly report to the board of directors on the implementation of the above-mentioned integrity operation, and report to the board of directors on November 6 2023. Please refer to the website of the company. In order to practice the integrity management policy, the new employees shall specify the company's relevant specifications and honest moral requirements when they report to the company,	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
			and the moral requirements shall be stated in the employment contract. At the same time, in the regular department meetings, economic management meetings and lectures, the company continued to publicize the corporate integrity policy and elaborated the importance of integrity management. In 2023, 78 publicity and training sessions were held, for a total of 4,584 person/times. Directors and senior management have signed the "statement of compliance with integrity management policy". Please refer to the company website for the implementation of the integrity operation.	
(3) Does the company have a conflict of interest prevention policy, provide appropriate presentation channels and implement them?	Yes		<p>The company and its subsidiaries have established "code of practice for corporate governance", "code of integrity operation", "code of conduct", "Article 15 of the code of procedure of the board of directors", "code of conduct" and "code of integrity operation procedure and code of conduct". In case of any conflict of interest, the company and its subsidiaries shall also avoid the matters that need to be avoided.</p> <p>If a director, supervisor or manager violates the code of ethical conduct, the company shall deal with it in accordance with the disciplinary measures set out in the employee reward and punishment management measures, and disclose the date, cause, code and handling situation of the violation of the code of ethical conduct at the public information observatory in a timely manner. The company has established a special area for stakeholders, and has established "procedures for handling suggestions, doubts, disputes and litigation of stakeholders". See the company website.</p> <p>If any of our colleagues is involved in any illegal circumstances in the trading process, they can be informed by the honest and fair trading mailbox. We shall be fully responsible for confidentiality and investigate and deal with according to law.</p>	Comply with the best-practice principles, no discrepancy
(4) Has the company established an effective accounting system and internal control system for the implementation of integrity operation, and the internal audit unit shall, according to the assessment results of the risk of dishonest behavior, draw up relevant audit plans, and according to the compliance of the plan for preventing dishonest behavior, or entrust an accountant to carry out the audit?	Yes		The company and its subsidiaries shall establish an "internal control system" and an audit office and an external accountant audit mechanism. The audit office shall regularly assess risks and draw up an audit plan, and carry out relevant audits in accordance with the plan to ensure the continuous and effective implementation of the internal control system. Report the audit results to the audit committee and the board of directors on a regular basis. There has been no corruption in the company over the years.	Comply with the best-practice principles, no discrepancy
(5) Does the company regularly conduct internal and external education and training for integrity operation?	Yes		The company and its subsidiaries, when each new comer joined the company, provided education and training to remind the colleague of the need to implement the code of conduct, and held education and training of the code of ethics from time to time for the colleague of the company. There were 78 publicity and training sessions in 2023, for a total of 4,584 person/times, to ensure that the colleague did implement and would not be unfamiliar with the relevant content due to time elapsing.	Comply with the best-practice principles, no discrepancy

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
3. Operation of the company's whistleblowing system				
(1) Does the company have a specific reporting and reward system, establish a convenient reporting channel, and assign appropriate personnel to the reported object?	Yes		Integrity is one of the core corporate cultures of the company. It is based on the belief of integrity and honesty when the company and its subsidiary's related enterprises conduct transactions with their partners, and on the basis of transparency and fairness, in order to establish a long-term partnership. For this purpose, the company has set up a special interest area, and has formulated measures for handling cases of illegal, unethical or dishonest conduct. Please refer to the company website. If any of our colleagues is involved in any illegal circumstances in the course of trading, they may be informed by the mailbox of the stakeholding area. We shall be fully responsible for confidentiality and investigate and deal with according to law. In addition, a barrier free e-mail communication channel is set up on the company's website. All interested parties can communicate and appeal to the independent director, chairman and general manager of the company by e-mail at any time, so as to keep the communication and appeal channels with all interested parties unblocked.	Comply with the best-practice principles, no discrepancy
(2) Does the company establish the standard operating procedures for investigation of reported matters, follow-up measures to be taken after investigation and relevant confidentiality mechanisms?	Yes		The company and its subsidiaries have formulated the "social responsibility handbook", "employee handbook", "employee complaint (complaint/report) control procedure", "measures for handling reporting of illegal and unethical or dishonest cases" and "Regulations for employees to participate in industrial safety and health consultation, communication operation specifications" and other reporting, investigation, confidentiality mechanisms and follow-up related measures.	Comply with the best-practice principles, no discrepancy
(3) Does the company take measures to protect whistleblowers from improper handling due to whistleblowing?	Yes		The company and its subsidiaries have clearly defined "employee code of conduct" and "employee complaint (complaint/report) control procedure" documents: during the whole process of complaint/report handling, relevant personnel shall keep secrets, and those who divulge secrets will be punished in accordance with relevant regulations; those who retaliate against the Complainant/whistleblower will be punished in accordance with relevant regulations.	Comply with the best-practice principles, no discrepancy
4. Enhance information disclosure Does the company disclose the content and promotion effect of its code of conduct for integrity operation on its website and public information observatory?	Yes		The websites of the company and its subsidiaries provide explanations in Chinese, English and Japanese simultaneously. For financial information, stock price and dividend information, organizational structure and business results related to corporate governance, they are fully disclosed in the quarterly report, annual report and the company webpage, so as to quickly and truly reflect all kinds of business information, so as to enable stakeholders to grasp the company's business dynamics in a timely manner. For details of corporate governance, please refer to the company website.	Comply with the best-practice principles, no discrepancy
5. If a company has its own code of conduct for integrity in accordance with the code of conduct for listed and OTC companies, please state the difference between its operation and the code: The company and its subsidiaries have formulated the "code of integrity operation" to continue to promote and cooperate with various publicity and guidance in accordance with the code, and to strengthen the awareness of business level colleagues. Its content and related operations are not significantly different from the "code of integrity operation on the listed and OTC market".				

Assessment items	Operation Status			Discrepancy with best-practice principles of TWSE/GTSM listed companies
	Yes	No	Summary	
6. Other important information helpful to understand the company's operation integrity: (such as the company's review and amendment of the integrity operation rules, etc.) The company and its subsidiaries negotiate and perform the contract with customers in good faith and integrity, and strive for, negotiate and perform all contracts in a fair and moral way.				

(VIII) If a company has formulated a corporate governance code and related regulations, it should disclose its inquiry methods

1. The company has a "Corporate Governance Code", which has relevant standards for protecting the rights and interests of shareholders, strengthening the functions of the board of directors, giving full play to the functions of the functional committees of the board of directors, respecting the rights and interests of stakeholders, and improving information transparency. For information about the Company's "Corporate Governance Code", please go to the Company's website for inquiries.
2. The company has adopted the "Sustainable Development Code of Practice" approved by the board of directors. The applicable objects of this code are the overall operating activities of the company and group companies, including engaging in business operations while actively promoting the sustainable development of the company to maintain balance. International trends in the development of environmental, social and corporate governance, and through corporate citizenship, enhance national economic contribution, improve the quality of life of employees, communities and society, and promote competitive advantages based on corporate responsibility. For information on sustainable development policies, organization, promotion and results, please refer to our company's website.

(IX) Other important information which is sufficient to understand corporate governance operation status must also be disclosed

1. In order to improve corporate governance, accountants, independent directors, auditors, and financial supervisors communicate from time to time. Please refer to the company's website for communication status.
2. On May 7, 2020, the Board of Directors resolved to establish an Investment Review Committee to strengthen the quality of the company's investment decisions, implement investment review procedures and performance management, and conduct research, review and recommendations on the company's long-term investment strategic planning and major investment decisions. , please refer to the "Functional Committee" section of our company's website for details.
3. In order to strengthen corporate governance, the company attaches special importance to information disclosure and disclosure. It regularly and irregularly discloses information on the public information observatory. It also discloses financial and other related information on the company's website so that investors and stakeholders can obtain it in real time. For important company information, please refer to our website.
4. The company's hard work and achievements in corporate governance and information disclosure over the years have been highly recognized. For information related to corporate governance evaluation, please refer to the company's website.

(X) Statement on Internal Control

Public Company's Statement on Internal Control

Represents the effectiveness of both the design and execution

(This statement is applicable when all laws and ordinances are complied herewith)

Where accountant was commissioned to perform ad hoc review on the internal control system, the accountant review report required to be disclosed: None.

(XI) In the most recent years and as of the date of publication of the annual report, in case its employees were punished by law or punishments were imposed by the company due to employee's violation of the company's internal control rules, and in case such punishments may have great impacts on the owners' equity or the company's stock prices, the company should disclose the content of such punishments, the major misconduct, and improvements: None.

(XII) Important resolutions of the shareholders' meeting and the Board of Directors during the most recent year and until the publication date of the annual report

1. Important resolutions of the board of directors

Date	Board meeting	Important resolution	Resolution result
2023/03/06	Board meeting	<ol style="list-style-type: none"> 1. Accountants' internal control evaluation opinions, the company's annual internal control effectiveness self-assessment report and internal control statement 2. Undertaking of derivative financial product 3. 2022 the distribution of employees' compensation and directors' compensation 4. 2022 annual business report and financial statements 5. 2022 annual earnings distribution 6. 2022 annual accountant independence and performance evaluation review 7. To host 2023 annual general shareholders meeting 8. Shareholders' right to propose proposals accepted by shareholders' regular meeting 9. To remove the restriction of non-compete agreement of directors 	<ol style="list-style-type: none"> 1. Passed by all attending directors without objection 2. Passed by all attending directors without objection 3. Passed by all attending directors without objection 4. Passed by all attending directors without objection 5. Passed by all attending directors without objection (NT\$7.0 cash dividends per share) 6. Passed by all attending directors without objection 7. Passed by all attending directors without objection and proposed to hold the annual shareholders meeting on May 30, 2023 8. Passed by all attending directors without objection. 9. Passed by all attending directors without objection
2023/05/08	Board meeting	<ol style="list-style-type: none"> 1. Undertaking of bank credit extensions and derivative financial commodities 2. Q1 / 2023 financial statements 3. Remittance of earnings of china subsidiaries 4. TXC Capacity Expansion 5. Reviewed the 2022 employee remuneration and director remuneration payment case 	<ol style="list-style-type: none"> 1. Passed by all attending directors without objection 2. Passed by all attending directors without objection 3. Passed by all attending directors without objection 4. Passed by all attending directors without objection 5. Passed by all attending directors without objection
2023/08/07	Board meeting	<ol style="list-style-type: none"> 1. Extension of bank credit period and undertaking of derivative financial products 2. Q2 / 2023 financial statements 3. Revise some articles of the company's "Measures for Division of Rights and Responsibilities" and "Measures for Payment Rights and Responsibilities" 4. Revision of some articles of the company's "Corporate Governance Code of Practice" and "Related Operating Standards for Mutual Financial Business between Affiliated Companies" 5. Amendment of the company's "Accountant Evaluation and Performance Appraisal Measures" and the new "Audit Measures for Pre-Approval of Certified Accountants Providing Uncertain Services" 	<ol style="list-style-type: none"> 1. Passed by all attending directors without objection 2. Passed by all attending directors without objection 3. Passed by all attending directors without objection 4. Passed by all attending directors without objection 5. Passed by all attending directors without objection
2023/11/06	Board meeting	<ol style="list-style-type: none"> 1. Extension of bank credit period and undertaking of derivative financial products 2. Q3 / 2023 financial statements 3. Re-formulate the company's "Key Operational Risk Management Measures" and abolish the original "Key Operational Risk Management Measures" 	<ol style="list-style-type: none"> 1. Passed by all attending directors without objection 2. Passed by all attending directors without objection 3. Passed by all attending directors without objection

Date	Board meeting	Important resolution	Resolution result
2023/12/18	Board meeting	<ol style="list-style-type: none"> 1. Undertaking of bank credit extensions 2. 2023 annual audit plan 3. To approve the donation to TXC FOUNDATION 4. 2024 annual employee compensation and directors' compensation ratio 5. 2024 annual review on the accountant fees 6. Additional budget for the company's capacity expansion plan and the subsidiary's new factory expansion plan 7. The company and its subsidiaries' overseas investment and factory establishment cases 8. 2024 annual business plan and annual budget 9. Re-formulate the company's "Board of Directors Performance Evaluation Methods" and abolish the original "Directors and Managers Performance Evaluation Methods" 10. Re-formulate the company's "internal control self-assessment operating procedures" and abolish the original "internal control self-inspection operating procedures" 11. 2024 annual audit plan 	<ol style="list-style-type: none"> 1. Passed by all attending directors without objection 2. Passed by all attending directors without objection 3. Passed by all attending directors without objection 4. Passed by all attending directors without objection 5. Passed by all attending directors without objection 6. Passed by all attending directors without objection 7. Passed by all attending directors without objection 8. Passed by all attending directors without objection 9. Passed by all attending directors without objection 10. Passed by all attending directors without objection 11. Passed by all attending directors without objection
2024/03/11	Board meeting	<ol style="list-style-type: none"> 1. The accountant's internal control assessment opinion, the company's annual self-assessment report on the effectiveness of the internal control system, and the internal control system statement. 2. Undertaking of derivative financial products 3. The distribution of 2023 employees' compensation and directors' compensation 4. 2023 Business Report and Financial Statements 5. 2023 Earnings Distribution 6. 2023 Annual Accountant Independence and Performance Evaluation Review 7. To host 2024 Annual General Shareholders Meeting 8. Shareholders' right to propose proposals accepted by shareholders' regular meeting 9. To remove the restriction of non-compete agreement of directors 10. The 5th domestic unsecured convertible corporate bonds are converted into ordinary shares, and the capital change registration case for the fourth quarter of 2023 is handled. 	<ol style="list-style-type: none"> 1. Passed by all attending directors without objection 2. Passed by all attending directors without objection 3. Passed by all attending directors without objection 4. Passed by all attending directors without objection 5. Passed by all attending directors without objection (NT\$4.5 cash dividends per share) 6. Passed by all attending directors without objection 7. Passed by all attending directors without objection (to be held on May 28, 2024) 8. Passed by all attending directors without objection 9. Passed by all attending directors without objection 10. Passed by all attending directors without objection

2. Important Resolutions of the 2023 annual shareholders' meeting

Time: 9:30 am, May 30, 2023 (Tuesday)

Place: No. 4 Pingzhen Industrial Park 6th Rd., Pingzhen City, Taoyuan County

Implementation of major resolutions:

- (1) Recognize 2022 business report and financial statement; resolution approved by the 2023 shareholders' meeting.
- (2) To remove the restriction of non-compete agreement: Approved the removal of non-compete restrictions for directors Mr. Lin, Wan-Shing, Mr. Peng, Chih-Chiang.

(XIII) Main content of recorded or written statements of dissenting opinions filed by directors or supervisors in connection with important resolutions passed by the board of directors in recent years up to the publication date of the annual reports: None.

(XIV) Summary of company chairman, general manager, accounting supervisor, finance

supervisor, internal audit supervisor and R&D supervisor resignations and dismissals in recent years up to the publication date of the annual report: None.

(XV) The financial people obtained the relevant license specified by the competent authority

Name of the License	Number of people
The Institute of Internal Auditors-Internal Auditors	1
Ministry of Examination-Accountant	1
Ministry of Examination -bookkeeper	2
PMI-PMP Project Manager	3
Securities & Futures Institute -Stock Affairs Staff	1
Securities & Futures Institute -Securities Salesperson	1
Securities & Futures Institute -Futures Merchant Salesperson	2
Securities & Futures Institute -Junior Associate	1
Securities & Futures Institute-Corporate Governance Basic Ability Test	2

V. Information on CPA fees

Change of Certified Public Accountant in 2023: None

Unit : NT\$1,000

Accounting Firm	Accountant	Audit Period	Auditing Fees	Non-Auditing Fees	Total	Remark
Deloitte & Touche	Hsieh, Ming-Chung	January 1, 2023 ~ December 31, 2023	3,780	422	4,202	
	Su, Yu-Hsiu					

Note 1: If the company changes its accountant or accounting firm in the current year, please list their audit periods separately and explain the reasons for replacement in the "remark" field. Please disclose the auditing and non-auditing fees in sequence. Non-auditing fees should be annotated to explain its service content.

Note 2: The non-auditing fees are NT\$420,000 for industrial and commercial registration NT\$2,000 for project review.

- (I) **The amount, ratio and reasons for the decrease in auditing fees shall be disclosed if there is a change in accounting firm and the auditing fees in the year of such change is less than the auditing fees in the previous year: None.**
- (II) **The amount, ratio and reasons for the decrease in auditing fees shall be disclosed if the auditing fees was decrease by more than 15% comparing to that of in the previous year: None.**

VI. Information on change of accountant's information : None.

VII. Where the company's chairman, general manager or any officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of is CPA or at an affiliated enterprise of the accounting, the name and position of the person and the period during which the position was held, shall be disclosed: None.

VIII. Any transfer of shareholdings and changed equity pledge from the directors, managers and shareholder(s) holding more than 10% of the shares during the most recent year and as of the publication date of the annual report:

(I) Changes in equity among the directors, manager and large shareholder(s)

Title (Note1)	Name	2023		As of March 30, 2024	
		Increase (decrease) in number of shareholding	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shareholding	Increase (decrease) in number of pledged shares
Chairman / CEO	Lin, Wan-Shing	0	0	0	0
Director	Lin, Jin-Bao	(90,000)	0	0	0
Director / President	Kuo, Ya-Ping	0	0	0	0
Director	Chen Chueh, Shang-Hsin	0	0	0	0
Director / TETC President	Huang, Hsiang-Lin	0	0	0	0
Director	Hsu, Hsing-Hao	0	0	0	0
Director	TLC Capital Co., LTD	0	0	0	0
	Peng, Chih-Chiang	0	0	0	0
Independent Director	Yu, Shang-Wu	0	0	0	0
Independent Director	Tsai, Song-Qi	0	0	0	0
Independent Director	Su , Yan-Syue	0	0	0	0
Independent Director	Wang, Chuan -Fen	0	0	0	0
TXC (NGB) President	Chao, Min-Chiang	0	0	0	0
TXC (CKG) President	Chou, Chien-Fu	0	0	0	0
TXC (CKG) Executive Vice President	Yu, Fang-Ming	0	0	0	0
Vice President	Lin, Shi-Bo	0	0	0	0
TXC (NGB) Vice President	Chang, Chien-Tsung	0	0	0	0
Vice President	Cheng, Li-Wei	0	0	0	0
Chief Technology Officer (CTO) / Vice President	Chu, Chih-Hsun	0	0	0	0

Title (Note1)	Name	2023		As of March 30, 2024	
		Increase (decrease) in number of shareholding	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shareholding	Increase (decrease) in number of pledged shares
Vice President	Kuo, Ya-Han	0	0	0	0
Vice President	Su, Jing-Sheng	0	0	0	0
Vice President	Lin, Su-Fen	0	0	0	0
Vice President	Chen,Chiu-Lin	0	0	0	0
Chief Engineer	Chang, Qi-Zhon	0	0	0	0
Assistant Vice President	Su, Che-Ming	0	0	0	0
TXC (NGB) Assistant Vice President	Liu, Hsu-Er	0	0	0	0
Deputy CTO	Chiu,Chih-Hung	0	0	0	0
Deputy CTO	Pao,Shih-Yung	0	0	0	0
Assistant Vice President	Chen, Ming (Note 2)	0	0	0	0
Chief Financial Officer (CFO) / Vice President	Hong, Guan –Wen	(10,000)	0	0	0

Note 1: The Company has no major shareholders holding more than 10% of the shares.

Note 2: Director Chen, Ming of the Supply Chain Center was promoted to Assistant Vice President on Oct. 1, 2023.

(II) Equity transfer information: None.

(III) Information of the counterparty of an equity pledge who is also a related party: None.

IV. Information of relationships between TOP 10 shareholders are related parties:

March 30, 2024 Unit: shares

Name	Own held shares		Shares held by spouse, children under twenty (20) years of age		Shareholding in the name of others		Where the relationship among the top 10 shareholders is a related party, spouse, and/or a relative by blood or marriage within second degree of kinship or relationship, please specify the name and relationship		Remark
	Shares	Shares (%)	Shares	Shares (%)	Shares	Shares (%)	Name	Relationship	
Cathay Life Insurance Co., Ltd. Representative: Hsiung, Ming-he	12,020,000	3.88%	0	0%	0	0%	None	None	
HUA NAN Bank is entrusted with the custody of Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account	9,734,000	3.14%	0	0%	0	0%	None	None	
Chunghwa Post Co., Ltd. Representative: Wu, Hung-Mou	8,849,000	2.86%	0	0%	0	0%	None	None	
The first discretionary Allianz investment account of the new labor pension fund in 2021	8,299,330	2.68%	0	0%	0	0%	None	None	
Lin, Jin-Bao	5,897,263	1.90%	163	0%	0	0%	Lin, Wan-Shing	Brother	
Lin, Wan-Shing	5,030,722	1.62%	75,991	0.02%	0	0%	Lin, Jin-Bao	Brother	
The Bank of Taiwan is entrusted with the custody of the Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account	4,908,000	1.58%	0	0%	0	0%	None	None	
Taipei Fubon Commercial Bank Trust Property Account	4,708,511	1.52%	0	0%	0	0%	None	None	
JPMorgan Chase Bank of the United States holds a special investment account for JP Morgan Securities Co., Ltd.	4,315,554	1.39%	0	0%	0	0%	None	None	
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. - the self-operated platform of the securities trading unit, the three-party SBL trading investment account	4,143,000	1.34%	0	0%	0	0%	None	None	

Note 1: The top ten shareholders shall be listed in full; corporate shareholder shall list its name and the names of its representative separately.

Note 2: The calculation of the shareholding percentage refers to the percentage of shares held in his/her/its own name, or under the name of his/her/its spouse, children under twenty years of age, or others.

Note 3: The relationship between above-listed juristic person shareholders and natural person shareholders shall be

disclosed pursuant to the regulations governing the preparation of financial reports of the issuer.

Top 10 Shareholder	Major Shareholders of the Juristic Person
Cathay Life Insurance Co., Ltd. Representative: Hsiung, Ming-he	Cathay Financial Holdings (100%)
Chunghwa Post Co., Ltd. Representative: Wu, Hung-Mou	Ministry of Transportation and Communications (100%)

10. The number of shares held by the company, the company's directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same joint venture, and the combined shareholding percentage.

December 31, 2023 Unit: shares, %

Investees	Investments of the Company		Investments of the directors, supervisors, managers and their investment in business which they have direct or indirect control of.		Comprehensive investements	
	Shares	Share (%)	Shares	Share (%)	Shares	Share (%)
TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED	42,835,294	100	0	0	42,835,294	100
TXC Technology, Inc.	300,000	100	0	0	300,000	100
TXC Japan Corporation	2,100	100	0	0	2,100	100
Taiwan Crystal Technology International (HK) Limited	80,000	100	0	0	80,000	100
TXC Europe GmbH	50,000	100	0	0	50,000	100
TAI SHING ELECTRONICS COMPONENTS CORP.	8,802,000	33.34	3,203,500	12.14	12,005,500	45.48
TXC (NINGBO) CORPORATION	0	0	77,241,343	100	77,241,343	100
TXC (CHONGQING) CORPORATION	0	0	247,876,609	100	247,876,609	100
Chongqing All Suns Company Limited	0	0	150,000,000	100	150,000,000	100
Ningbo Jingyu Company Limited	0	0	2,500,000	100	2,500,000	100
NINGBO FREE TRADE ZONE DING KAI INVESTMENT MANAGEMENT COMPANY	0	0	35,050,000	100	35,050,000	100
ChongQing Dingsen Commercial Management Co.,Ltd	0	0	1,000,000	100	1,000,000	100
TETC CORP. NINGBO	0	0	100,000,000	100	100,000,000	100
Shanghai JCH Co., Ltd	0	0	500,000	100	500,000	100
Ningbo Longying Semiconductor Co., Ltd	0	0	2,400,000	29.37	2,400,000	29.37

Note: Equity investments of the Company.

Chapter 4 Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Capitalization

March 30, 2024 Unit: Shares, NT\$

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Other (Approval document no.)
1983.12	10	310,000	3,100,000	310,000	3,100,000	Registered capital	Nil	-
1984.03	10	3,315,200	33,152,000	3,315,200	33,152,000	Capital increase by cash	Nil	-
1989.03	10	8,500,000	85,000,000	8,500,000	85,000,000	Capital increase by cash	Nil	-
1989.10	10	18,000,000	180,000,000	18,000,000	180,000,000	Capital increase by cash	Nil	-
1990.07	10	21,060,000	210,600,000	21,060,000	210,600,000	Capital increase by cash, by capital surplus	Nil	07/10/1990 (79) Tai-Tsai-Cheng(1) no. 01530
1991.08	10	60,000,000	600,000,000	31,590,000	315,900,000	Capital increase by cash, by earnings, by capital surplus	Nil	08/01/1991 (80) Tai-Tsai-Cheng(1) no. 02111
1992.07	10	60,000,000	600,000,000	41,067,000	410,670,000	Capital increase by earnings, by capital surplus	Nil	07/07/1992 (81) Tai-Tsai-Cheng(1) no. 01518
1993.07	10	60,000,000	600,000,000	47,300,000	473,000,000	Capital increase by earnings	Nil	07/14/1993 (82) Tai-Tsai-Cheng(1) no. 30047
1994.07	10	60,000,000	600,000,000	51,557,000	515,570,000	Capital increase by earnings, by capital surplus	Nil	07/07/1994 (83) Tai-Tsai-Cheng(1) no. 31774
1995.06	10	60,000,000	600,000,000	55,681,560	556,815,600	Capital increase by earnings	Nil	06/22/1995 (84) Tai-Tsai-Cheng(1) no. 36958
1996.09	10	100,000,000	1,000,000,000	75,681,560	756,815,600	Capital increase by cash	Nil	09/05/1996 (85) Tai-Tsai-Cheng(1) no. 53631
2000.09	10	100,000,000	1,000,000,000	82,201,820	822,018,200	Capital increase by earnings	Nil	09/06/2000 (89) Tai-Tsai-Cheng(1) no.5237
2001.07	10	260,000,000	2,600,000,000	110,348,515	1,103,485,150	Capital increase by earnings	Nil	05/14/2001 (90) Tai-Tsai-Cheng(1) no. 129296
2001.08	10	260,000,000	2,600,000,000	120,348,515	1,203,485,150	Capital increase by cash	Nil	06/12/2001 (90) Tai-Tsai-Cheng(1) no.135132
2002.09	10	260,000,000	2,600,000,000	137,673,100	1,376,731,000	Capital increase by earnings, by capital increase	Nil	08/21/2002 (91) Tai-Tsai-Cheng(1) no. 0910146351
2003.08	10	260,000,000	2,600,000,000	144,140,534	1,441,405,340	Capital increase by earnings	Nil	08/12/2003 Tai-Tsai-Cheng(1) no. 0920136359
2004.08	10	260,000,000	2,600,000,000	151,810,534	1,518,105,340	Convertible bonds, exercise of employee stock options	Nil	08/18/2004 Ching-Shou-Shang-Zi no. 09301157450
2004.10	10	260,000,000	2,600,000,000	160,779,678	1,607,796,780	Capital increase by earnings	Nil	10/13/2004 Ching-Shou-Shang-Zi no.09301188710
2004.10	10	260,000,000	2,600,000,000	160,784,678	1,607,846,780	Convertible bonds	Nil	10/19/2004 Ching-Shou-Shang-Zi no. 09301199790

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Other (Approval document no.)
2005.05	10	260,000,000	2,600,000,000	163,133,882	1,631,338,820	Convertible bonds	Nil	05/03/2005 Ching-Shou-Shang-Zi no. 09401077580
2005.07	10	260,000,000	2,600,000,000	168,068,138	1,680,681,380	Convertible bonds, exercise of employee stock options	Nil	07/25/2005 Ching-Shou-Shang-Zi no. 09401135020
2005.09	10	260,000,000	2,600,000,000	178,181,410	1,781,814,100	Capital increase by earnings	Nil	09/23/2005 Ching-Shou-Shang-Zi no. 09401185020
2005.10	10	260,000,000	2,600,000,000	181,557,883	1,815,578,830	Convertible bonds, exercise of employee stock options	Nil	10/20/2005 Ching-Shou-Shang-Zi no. 09401207340
2006.01	10	260,000,000	2,600,000,000	186,198,661	1,861,986,610	Convertible bonds, exercise of employee stock options	Nil	01/23/2006 Ching-Shou-Shang-Zi no. 09501010180
2006.03	10	260,000,000	2,600,000,000	188,908,827	1,889,088,270	Convertible bonds, exercise of employee stock options	Nil	04/17/2006 Ching-Shou-Shang-Zi no. 09501068450
2006.07	10	260,000,000	2,600,000,000	188,942,532	1,889,425,320	Convertible bonds	Nil	07/20/2006 Ching-Shou-Shang-Zi no. 09501152420
2006.09	10	300,000,000	3,000,000,000	203,711,768	2,037,117,680	Capital increase by earnings	Nil	09/04/2006 Ching-Shou-Shang-Zi no. 09501198120
2006.10	10	300,000,000	3,000,000,000	204,815,282	2,048,152,820	Convertible bonds, exercise of employee stock options	Nil	10/16/2006 Ching-Shou-Shang-Zi no.09501232600
2007.01	10	300,000,000	3,000,000,000	205,698,282	2,056,982,820	Exercise of employee stock options	Nil	01/16/2007 Ching-Shou-Shang-Zi no. 09601010470
2007.04	10	300,000,000	3,000,000,000	206,032,282	2,060,322,280	Exercise of employee stock options	Nil	04/14/2007 Ching-Shou-Shang-Zi no. 09601078450
2007.07	10	300,000,000	3,000,000,000	206,624,577	2,066,245,770	Convertible bonds	Nil	07/27/2007 Ching-Shou-Shang-Zi no. 09601180970
2007.08	10	300,000,000	3,000,000,000	230,739,719	2,307,397,190	Capital increase by earnings	Nil	08/28/2007 Ching-Shou-Shang-Zi no.09601210120
2007.10	10	300,000,000	3,000,000,000	240,243,456	2,402,434,560	Convertible bonds	Nil	10/22/2007 Ching-Shou-Shang-Zi no. 09601258520
2008.01	10	300,000,000	3,000,000,000	241,552,590	2,415,525,900	Convertible bonds	Nil	01/29/2008 Ching-Shou-Shang-Zi no. 09701022010
2008.01	10	300,000,000	3,000,000,000	241,552,590	2,415,525,900	Convertible bonds	Nil	01/29/2008 Ching-Shou-Shang-Zi no. 09701022010
2008.04	10	300,000,000	3,000,000,000	241,627,148	2,416,271,480	Convertible bonds	Nil	04/11/2008 Ching-Shou-Shang-Zi no. 09701087040
2008.08	10	300,000,000	3,000,000,000	242,464,833	2,424,648,330	Convertible bonds	Nil	08/05/2008 Ching-Shou-Shang-Zi no.09701191720
2008.08	10	350,000,000	3,500,000,000	270,395,056	2,703,950,560	Capital increase by earnings	Nil	08/28/2008 Ching-Shou-Shang-Zi no. 09701819210
2008.11	10	350,000,000	3,500,000,000	271,698,090	2,716,980,900	convertible bonds	Nil	11/17/2008 Ching-Shou-Shang-Zi no. 09701293960
2009.09	10	400,000,000	4,000,000,000	287,312,523	2,873,125,230	Capital increase by earnings	Nil	09/11/2009 Ching-Shou-Shang-Zi

Year/ Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets Other Than Cash	Other (Approval document no.)
								no. 0980120690
2009.11	10	400,000,000	4,000,000,000	287,340,930	2,873,409,300	Convertible bonds	Nil	11/11/2009 Ching-Shou-Shang-Zi no. 09801260380
2010.01	10	400,000,000	4,000,000,000	288,727,249	2,887,272,490	Convertible bonds	Nil	01/26/2010 Ching-Shou-Shang-Zi no. 09901016750
2010.04	10	400,000,000	4,000,000,000	290,907,037	2,909,070,370	Employee stock options and convertible bonds	Nil	04/21/2010 Ching-Shou-Shang-Zi no. 09901078530
2010.09	10	400,000,000	4,000,000,000	296,665,178	2,966,651,780	Capital increase by earnings	Nil	09/02/2010 Ching-Shou-Shang-Zi no.09901199850
2010.11	10	400,000,000	4,000,000,000	297,183,178	2,971,831,780	Employee stock options	Nil	11/18/2010 Ching-Shou-Shang-Zi no. 099001257750
2011.04	10	400,000,000	4,000,000,000	296,305,178	2,963,051,780	Employee stock options treasury stock retired	Nil	4/15/2011 Ching-Shou-Shang-Zi no. 100001075170
2011.07	10	400,000,000	4,000,000,000	296,316,207	2,963,162,070	Convertible bonds	Nil	7/26/2011 Ching-Shou-Shang-Zi no. 100001171400
2011.08	10	400,000,000	4,000,000,000	302,242,310	3,022,423,100	Capital increase by earnings	Nil	8/25/2011 Ching-Shou-Shang-Zi no.100001197910
2013.01	10	400,000,000	4,000,000,000	309,757,040	3,097,570,400	Employee stock options and convertible bonds	Nil	1/17/2013 Ching-Shou-Shang-Zi no.10201011600
2024.03	10	500,000,000	5,000,000,000	309,757,920	3,097,579,200	Convertible bonds	Nil	Applying for change registration

2. Types of Stock

March 30, 2024 Unit: Share

Type of Stock	Authorized Share Capital			Remarks
	Listed (Note)	Unlisted	Total	
Common Stock	309,767,602	190,232,398	500,000,000	

Note : Including 9,682 issued shares that have not been registered. The above stocks are all listed company stocks, and the statistics are based on the closing date of March 30, 2024

3. Shelf Registration Related Information: N/A.

(II) Composition of Shareholders

March 30, 2024 Unit: Person/Share/%

No.\ Composition	Government Agencise	Financial Institutions	Other Judicial Persons	Individuals	Foreign Institutions and Individuals	Total (Note)
No. of Shareholders	6	21	346	52,904	246	53,523
Shareholding	14,616,807	38,104,855	50,505,753	143,300,436	63,239,751	309,767,602
Shareholding Percentage	4.72	12.30	16.30	46.26	20.42	100.00

Note 1: The above share amount statistics are from the March 30, 2024 book closure date.

Note 2: TSWE primary listed, GTSM primary listed and emerging stock companies shall disclose Chinese capital shareholding percentages: N/A.

(III) Equity Dispersion

March 30, 2024 Unit: Share

Share types	Number of Shareholders	Shares	Shares %
1~999	24,280	1,706,447	0.55
1,000~5,000	24,836	45,518,550	14.69
5,001~10,000	2,380	18,618,611	6.01
10,001~15,000	701	9,011,437	2.91
15,001~20,000	389	7,220,629	2.33
20,001~30,000	317	8,268,119	2.67
30,001~40,000	139	4,960,563	1.60
40,001~50,000	92	4,280,997	1.38
50,001~100,000	160	11,562,905	3.73
100,001~200,000	74	10,708,883	3.46
200,001~400,000	63	18,001,108	5.81
400,001~600,000	21	10,740,726	3.47
600,001~800,000	19	12,834,672	4.14
800,001~1,000,000	10	9,260,892	2.99
1,000,001 above	42	137,073,063	44.26
Total	53,523	309,767,602	100.00

Note: The above number of shares is based on the closing date of transfers on March 30, 2024

(IV) List of Major Shareholders

Name(s), amount and proportion of shares held by shareholder(s) with shareholding ratios that accounted for more than 5% of the equity ratio or accounted for the top ten shareholders:

March 30, 2024 Unit: Person/Share/%

Major Shareholders	Shares	Shares (%)
1、 Cathay Life Insurance Co., Ltd.	12,020,000	3.88
2、 HUA NAN Bank is entrusted with the custody of Yuanta Taiwan Value High Interest ETF Securities Investment Trust Fund Special Account	9,734,000	3.14
3、 Chunghwa Post Co., Ltd.	8,849,000	2.86
4、 The first discretionary Allianz investment account of the new labor pension fund in 2021	8,299,330	2.68
5、 Lin, Jin-Bao	5,897,263	1.90
6、 Lin, Wan-Shing	5,030,722	1.62
7、 The Bank of Taiwan is entrusted with the custody of the Yuanta Taiwan High Dividend Low Volatility ETF Securities Investment Trust Fund Special Account	4,908,000	1.58
8、 Taipei Fubon Commercial Bank Trust Property Account	4,708,511	1.52
9、 JPMorgan Chase Bank of the United States holds a special investment account for JP Morgan Securities Co., Ltd.	4,315,554	1.39
10、 HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with the custody of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. - the self-operated platform of the securities trading unit, the three-party SBL trading investment account	4,143,000	1.34

(V) Data on share price, net value, profit, and dividend of the past two years

Item		Year	2022	2023	2024.03.11 (Note8)
Market Value Per Share (Note 1)	Highest		108.50	106.00	109.00
	Lowest		69.90	81.30	93.30
	Average		89.60	92.44	97.87
Net Value Per Share (Note 2)	Before distribution		40.27	52.72	-
	After distribution		33.27	52.72 (Note 9)	-
Earnings Per Share	Weight average number of shares (1000's share)		309,757	309,758	309,758
	Earnings Per Share (Note 3)	Before adjustment	9.06	5.53	-
		After adjustment	9.06	5.53 (Note 9)	-
Dividend Per Share	Cash dividend		7.00	4.50 (Note 9)	-
	Stock dividend without compensation	Earnings per share	-	-	-
		Stock dividend	-	-	-
	Accrued undistributed dividend (Note 4)		-	-	-
Investment return analysis	P/E (Note 5)		9.89	16.72	-
	P/C (Note 6)		12.80	20.54 (Note 9)	-
	C/P (Note 7)		7.81%	4.87% (Note 9)	-

* If use profits or capital reserve for raising capital shares appropriate, then it should announce the information of the number of appropriate shares and retroactively adjust market price and cash dividend.

Note 1 : List the highest and lowest price of the common stocks in that year, and the average market price for that year is calculated based on the transaction values and transaction amounts.

Note 2 : Use the number of circulated shares at the end of the year as the base, then the dividend distributed determined in the coming year's stockholders' meeting.

Note 3 : If there is any retroactive adjustment from the stock dividend without compensation, then it should list earning per share on before and after adjustment.

Note 4 : If the equity investment has constraint that limits the undistributed dividend for that year and it is cumulated until to later profitable year. Then it should disclose the cumulative undistributed dividend up to that year.

Note 5 : $P/E = \text{current year average share price at closing} / \text{earning per share}$.

Note 6 : $P/C = \text{current year average share price at closing} / \text{cash dividend per share}$.

Note 7 : $C/P = \text{cash dividend per share} / \text{current year average share price}$.

Note 8 : The financial statements of TXC Corporation were audited or view or certified by CPA.

Note 9 : It is the amount resolved by the board of directors on March 11, 2024.

(VI) Company's dividend policy and its current implementation status

1. Dividend policy as defined in the articles of incorporation :

If the company generates annual profit, no less than 3% of that profit will be provided to employees as a bonus in the form of cash or company shares, as determined by the board of directors. Recipients of this bonus will include company employees who fulfill certain conditions. The company must apportion a directors' bonus of no greater than 2% of posted profit figures, following the board of directors' decision. Employee and director bonuses are announced at the general meeting of shareholders. However, the company shall retain a portion of funds prior to incurring losses, the amount beyond which will be distributed as bonuses according to the aforementioned proportion.

If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, the loss should be made up first, and 10% should be withdrawn as the statutory surplus reserve. According to the provisions of laws and regulations or according to business needs, the special surplus reserve shall be set aside or reversed. If there is still a balance, it shall be combined with the accumulated undistributed surplus. The board of directors shall prepare a surplus distribution plan. Submit to the shareholders' meeting for a resolution on distribution.

In accordance with Article 240, Paragraph 5 of the Company Law, the Company authorizes the board of directors to distribute dividends and bonuses when two-thirds or more of the directors are present and a resolution is passed by more than half of the directors present or in accordance with Article 240 of the Company Law. As stipulated in Paragraph 1 of Article 1, all or part of the statutory surplus reserve and capital reserve shall be reported to the shareholders' meeting in the form of cash distribution.

The Company's dividend distribution policy is made in consideration of factors such as industry development being in a growth phase, long-term financial planning and shareholder cashflow requirements. Therefore, the earnings available for distribution for that year, after allocation of the legal reserve and special reserve in accordance with the law, shall be distributed as provided in the previous paragraph. Of this, the cash dividend portion of shareholder dividends shall not be lower than 50% of total dividends.

Specific dividend policy: Dividend payment over the years

Year	Cash Dividend	Stock dividend		X/R transactions date	Shareholders' meeting date	Cash dividend	Stock dividend
		Retained earnings transferred to common stock	Capital surplus transferred to common stock			payment date	payment date
1999	0	0.8	0	2000/09/14	2000/05/13	N/A	2000/11/16
2000	0	2.9	0	2001/06/05	2001/04/26	N/A	2001/07/31
2001	0.2	0.8	0.5	2002/09/12	2002/05/30	2002/10/17	2002/11/27
2002	0.10222	0.4089	0	2003/09/09	2003/06/16	2003/10/16	2003/11/11
2003	0.2999	0.499901	0	2004/09/13	2004/06/24	2004/10/15	2004/11/12
2004	0.480681	0.480681	0	2005/08/31	2005/06/13	2005/10/21	2005/10/21
2005	0.99982162	0.59989298	0	2006/08/09	2006/06/15	2006/09/20	2006/09/20
2006	1.94210210	0.97105104	0	2007/08/09	2007/06/13	2007/09/20	2007/09/20
2007	1.98486059	0.9924303	0	2008/08/12	2008/06/13	2008/09/18	2008/09/18
2008	2	0.5	0	2009/08/24	2009/06/16	2009/09/30	2009/09/30
2009	1.99640807	0.1996408	0	2010/08/12	2010/06/15	2010/09/21	2010/09/21
2010	2.49990694	0.19999253	0	2011/08/03	2011/06/10	2011/09/09	2011/09/09
2011	2.2	0	0	2012/08/20	2012/06/13	2012/09/13	N/A
2012	2.2	0	0	2013/08/19	2013/06/19	2013/09/17	N/A
2013	2.2	0	0	2014/08/17	2014/06/18	2014/09/05	N/A
2014	2.5	0	0	2015/08/20	2015/06/16	2015/09/18	N/A
2015	2.5	0	0	2016/08/11	2016/06/07	2016/09/13	N/A
2016	2.8	0	0	2017/08/15	2017/06/08	2017/09/15	N/A
2017	2.5	0	0	2018/08/15	2018/06/05	2018/09/18	N/A
2018	2.0	0	0	2019/08/15	2019/06/12	2019/09/11	N/A
2019	2.5	0	0	2020/07/30	2020/06/09	2020/08/27	N/A
2020	3.8	0	0	2021/08/20	2021/07/20	2021/09/10	N/A
2021	7.5	0	0	2022/07/15	2022/05/31	2022/08/10	N/A
2022	7.0	0	0	2023/07/04	2023/05/30	2023/07/28	N/A
2023	4.5	0	0	Undetermined	2024/05/28	Undetermined	N/A

Although the company's articles of association do not specify the distribution ratio of the dividends of the shareholders, the ratio of the distribution of the surplus of the preceding paragraph may be adjusted according to the relevant factors such as the actual pre-tax profit, capital budget and capital status of the year, and shall be handled after the resolution of the shareholders' meeting.

Estimated dividend distribution policy for the next three years

(1) Employee bonus is 9%~12%

(2) Directors' compensation is 1%~2%

The total dividend is based on more than 60% of the current year's profit (net of statutory surplus reserve) or not less than 30% of the total distributable surplus, and the cash dividend shall not be less than 50% of the total cash dividend and stock dividend.

2. Suggested dividend appropriate in this shareholders' meeting :

Profit distribution for 2023

Unit : NT\$

Item	Amount	
	Sub-total	Sum
Beginning period undistributed profits		3,254,111,865
Net profit after tax for this year	1,713,702,009	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	227,809,903	
Adjusted retained earnings from investments accounted for using equity method	138,999	
Remeasurement of defined employee benefit plans to retained earnings	3,030,163	
The amount of undistributed profits		1,944,681,074
Setting aside 10% legal reserve		(194,468,107)
The setting aside special reserve		(384,696,170)
Profits available for distribution		4,619,628,662
Distribution Item:		
Cash Dividends (NT\$4.5 per share)		(1,393,910,640)
End period of undistributed profits		3,225,718,022

Note: Allocation of 2023 undistributed profit shall be given priority for the above profit distribution.

Chairman: **Lin, Wan-Shing** Manager: **Kuo, Ya-Ping** Accounting Supervisor: **Hong Guan-wen**

(VII) The effect of the shareholder's proposed stock grants on the Company's business performance and earnings per share: N/A (The Company did not offer stock grants this time).

(VIII) Employee bonus and rewards for directors and auditors

1. The principle of surplus distribution in accordance with company regulations:

If the company generates annual profit, no less than 3% of that profit will be provided to employees as a bonus in the form of cash or company shares, as determined by the board of directors. Recipients of this bonus will include company employees who fulfill certain conditions. The company must apportion a directors' bonus of no greater than 2% of posted profit figures, following the board of directors' decision. Employee and director bonuses are announced at the general meeting of shareholders. However, the company shall retain a portion of funds prior to incurring losses, the amount beyond which will be distributed as bonuses according to the aforementioned proportion.

If there is a surplus in the company's annual final accounts, in addition to paying taxes in accordance with the law, the loss should be made up first, and 10% should be withdrawn as the statutory surplus reserve. According to the provisions of laws and regulations or according to business needs, the special surplus reserve shall be set aside or reversed. If there is still a balance, it shall be combined with the accumulated undistributed surplus. The board of directors shall prepare a surplus distribution plan. Submit to the shareholders' meeting for a resolution on distribution.

In accordance with Article 240, Paragraph 5 of the Company Law, the Company authorizes the board of directors to distribute dividends and bonuses when two-thirds or more of the directors are present and a resolution is passed by more than half of the directors present or in accordance with Article 240 of the Company Law. As stipulated in Paragraph 1 of Article 1, all or part of the statutory surplus reserve and capital reserve shall be reported to the shareholders' meeting in the form of cash distribution.

The Company's dividend distribution policy is made in consideration of factors such as industry development being in a growth phase, long-term financial planning and shareholder cashflow requirements. Therefore, the earnings available for distribution for that year, after allocation of the legal reserve and special reserve in accordance with the law, shall be distributed as provided in the previous paragraph. Of this, the cash dividend portion of shareholder dividends shall not be lower than 50% of total dividends.

2. Accountant procedures if a current period's estimated employee dividend, the basis of director/supervisor bonus amounts and calculations for stock dividend figures differ from the amounts that are actually apportioned:

- (1) The basis of estimating the current period's estimated employee bonus and director/supervisor bonus figures: please see the aforementioned (VI).1. Stock dividend policy.
- (2) The basis for calculating stock dividends apportions: if the company has not apportioned stock dividends during this period, please disregard.
- (3) Accounting procedures if the current period's actual apportioned value differs from the estimated figures: when a significant change occurs to the dividend value approved by the board of directors, which adjustment is due to annual expenses. If the figure remains changed by the day of the general meeting of shareholders, the matter will be processed according to the updated accounting estimate, and amounts transferred onto accounts according to general meeting of shareholder decision.

3. Proposal by the Board of Directors for surplus distribution in 2023:

As proposed by the Board of Directors on March 11, 2024 surplus distribution for employee bonus and directors' compensation are as follows:

- (1) Propose to allocate employee bonus in cash amounting to NT\$ 194,830,617 and directors' compensation to NT\$32,471,770. There is no difference between the planned allocation amount from expense for employee bonus and surplus in the 2023 financial statement. So, no adjustment for income and loss is required.
- (2) The proposed distribution of employee compensation (stocks) and its share of the net profit after tax and total employee compensation for the current period: N/A.
- (3) Propose to allocate employee bonus and directors' compensation in accordance with par value setting earnings per share at: NT\$5.53.

4. The Company Board of Directors on surplus allocation in 2022:

The actual surplus allocation of employee bonus and directors' compensation is according to resolution adopted by the shareholders meeting on May 30, 2023.

- (1) Actual employee bonus and directors' compensation in cash are respectively: NT\$330,343,808 and NT\$55,057,301.
- (2) No difference between the proposed allocation adopted by the Board of Directors and the resolution by shareholders meeting.

(IX) Buyback of Common Stock: None

II. Convertible Corporate Bond

(I) Handling of corporate bonds

March 11, 2024

Types of Corporate Bonds (Note2)	The 5 th domestic unsecured conversion of corporate bonds (Note5)
Issue Date	July 26, 2021
Fair Value	NT\$100,000 per bond
Issuance and Trading Location (Note3)	N/A
Issue price	Issued at full face value
Total Value	NT\$1,200,000,000
Rate	The coupon rate is 0%
Tenor	3 years (expiration date July 26, 2024)
Guarantee Agency	N/A
Consignee	Yuanta Bank
Underwriting Agency	Yuanta Securities
Certified Lawyer	Chiu, Ya-Wen
CPA	Deloitte & Touche Hsieh, Ming-Chung, Su, Yu-Hsiu
Repayment Method	The bondholders shall be converted into ordinary shares of the Company in accordance with Article 10 of the Company's Fifth Domestic Unsecured Convertible Corporate Bond Issuance and Conversion Measures, or the Company shall redeem in advance in accordance with Article 17 of these Measures, or the Company shall be operated by a securities firm. Except for the cancellation of premises repurchase, the company will repay the bonds held by the bondholders in cash within seven business days from the day following the maturity of the convertible corporate bonds.
Outstanding Principal	NT\$1,199,900,000
Redemption or Early Settlement Terms	(1) This bond will start from the next day (October 27, 2021) after the expiration of three months after the issuance and end forty days (June 17, 2024) before the expiration of the issuance period (maturity date), if the company's ordinary shares If the closing price of the stock on the Taiwan Stock Exchange has exceeded the current conversion price of the bond by more than 30% (inclusive) for 30 consecutive business days, the company may send the bond by registered mail within the following 30 business days. Holder (subject to the register of bondholders on the fifth business day prior to the date of dispatch, and for bondholders who acquire the bond due to trading or other reasons thereafter, it shall be announced by way of announcement) 1. A "Bond Callback Notice" that expires within 30 days (the aforesaid period starts from the date of dispatch by the company, and the expiry date of

Types of Corporate Bonds (Note2)	<p>The 5th domestic unsecured conversion of corporate bonds (Note5)</p> <p>the period is the base date for bond callback, and the aforesaid period shall not be the period of suspension of conversion as specified in Article 9), and Please write to the OTC Buying Center for an announcement, and within five business days after the base date of the bond call, the bond holder's bond will be collected in cash at the bond face value.</p> <p>(2) From the next day (October 27, 2021) three months after the issuance of the bonds to the forty days before the expiration of the issuance period (maturity date) (June 17, 2024), if the convertible corporate bonds are in circulation When the outstanding balance is less than 10% of the original total issued amount, the Company may, at any time thereafter, send the bondholders by registered mail (the ones on the register of bondholders on the fifth business day prior to the date of dispatch shall be the For the bondholders who acquire the bonds due to trading or other reasons, the bondholders will be notified by way of announcement) a "Bond Callback Notice" with a 30-day expiration date (the aforementioned period starts from the date of dispatch by the company) and the expiry date of the period shall be the base date for bond recovery, and the aforesaid period shall not be the period of suspension of conversion in Article 9), and the OTC Buying Center shall make an announcement in writing, and within five business days after the base date of bond recovery, the bond denomination shall be paid in Cash back the bond from the bondholder.</p> <p>(3) If the bondholder does not reply in writing to the company's stock agency before the date of the bond call-back as stated in the "Bond Callback Notice" (it will take effect when it is served, and the postmark date will be used as proof), The company will redeem the bond in cash at the bond face value within five business days after the bond call-back base date.</p> <p>(4) If the company executes the withdrawal request, the deadline for bondholders to request for conversion is the second business day after the day when the over-the-counter trading of the converted corporate bonds is terminated.</p>
Restrictive clause (Note4)	None
Name of credit rating agency, rating date, corporate bond rating results	N/A

Types of Corporate Bonds (Note2)		The 5 th domestic unsecured conversion of corporate bonds (Note5)
Additional rights	Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) up to the date of publication of the annual report	The company's 5 th domestic unsecured corporate bond conversion was on December 18, 2023. The creditor applied for the first conversion of 1 corporate bond. The total face value of the bonds was NT\$100,000 and 880 common shares were converted.
	Issuance and conversion (exchange or subscription) approach	Please refer to the company's 5 th domestic unsecured convertible corporate bond issuance and conversion measures
Issuance and conversion, exchange or share subscription method, issuance conditions may dilute the equity and the impact on existing shareholders' rights and interests	The conversion price of the domestic unsecured convertible corporate bonds issued this time is currently NT\$113.6 per share. It is assumed that when the corporate bonds are fully converted into ordinary shares, the equity dilution ratio to the existing shareholders is 3.41%, so the existing shareholders' equity should not be greatly affected	
The name of the custodian institution for the subject of the exchange	N/A	

Note 1: The handling of corporate bonds includes public offering and private placement of corporate bonds being handled. Publicly offered corporate bonds in process refer to those that have been valid (approved) by the Association; privately offered corporate bonds in process refer to those that have been approved by the board of directors.

Note 2: The number of fields is adjusted according to the actual number of transactions.

Note 3: Fill in for overseas corporate bonds.

Note 4: Such as restrictions on the distribution of cash dividends, foreign investment or the requirement to maintain a certain proportion of assets, etc.

Note 5: For private placements, it should be marked in a prominent way.

Note 6: For conversion of corporate bonds, exchange of corporate bonds, general declaration of issuance of corporate bonds or corporate bonds with stock options, the information on conversion of corporate bonds, exchange of corporate bond information, general declaration of issuance of corporate bonds and Attached is the stock option corporate bond information.

(II) Convert corporate bond data

Types of corporate bonds (Note 1)		The 5 th domestic unsecured conversion of corporate bonds		
Year		2022	2023	As of March 11,2024
Item				
Convert corporate bond market price (Note2)	High	116.00	118.00	112.00
	Low	100.00	100.00	105.20
	Average	106.76	107.38	107.41
Convert price		NT\$ 122.9	NT\$113.6	NT\$113.6
Issuance (transaction) date and conversion price at the time of issuance		July 26, 2021 NT\$ 138	July 26, 2021 NT\$ 138	July 26, 2021 NT\$ 138
Ways of fulfilling conversion obligations (Note 3)		issue new shares	issue new shares	issue new shares

Note 1: The number of fields is adjusted according to the actual number of transactions.

Note 2: If overseas corporate bonds have multiple transaction locations, they are listed separately by transaction location.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: Information for the year ending on the date of printing the annual report should be filled in.

III. Preferred Shares : None

IV. Issuance of Oversea Depositary Shares : None

V. Status of Employee Stock Option Plan : None

VI. Status of Employee Restricted Stock : None

**VII. Status of New Share Issuance in Connection with Mergers and Acquisitions:
None**

VIII. Financing Plans and Implementation

(I) The plan and implementation of the funds from the issuance of corporate bonds

1. The content of the plan for the issuance and conversion of corporate bonds

- (1) Approval date and document number of the Financial Supervision and Administration Commission of the Executive Yuan: July 1, 2021 【No. 1100347527】
- (2) The approval date and document number of the Republic of China Securities OTC Trading Center as a consortium legal person: July 20, 2021 【No. 11000074062】
- (3) Total funds required for the project: NT\$1,200,000,000.
- (4) Source of funds: Issuance of the fifth domestic unsecured convertible corporate bonds in 2021
Denomination: NT\$100,000
Period: Three years / Coupon rate: 0 %
Total Amount: NT\$1,200,000,000
- (5) Fund application plan, estimated progress and possible benefits:
 - i. Fund utilization plan projects, estimated progress

Unit : NT thousand

Project	Estimated Completion Date	Total funds required	Estimated progress of fund utilization			
			2021		2022	
			Q3	Q4	Q1	Q2
Repay bank loan	Q3'2021	600,000	600,000	—	—	—
Purchase machinery and equipment	Q2'2022	679,399	50,000	200,000	200,000	229,399
Total		1,279,399	650,000	200,000	200,000	229,399

The company declared and issued the fifth domestic unsecured convertible corporate bonds with a total amount of NT\$1,200,000,000. In June 2021, it submitted an application to the Financial Supervisory Commission. It plans to conduct public underwriting in the form of enquiry and purchase, according to the predetermined plan. After the completion of fund raising in the third quarter of 2021, it will be used to pay for the purchase of machinery and equipment and the repayment of bank loans. The repayment of bank loans has been completed according to the plan, and the purchase of machinery and equipment is more advanced than expected the backwardness is mainly due to the long acceptance period of the relevant purchased equipment and the unpaid follow-up payment. The equipment will continue to be purchased according to the plan. The use of funds and the estimated progress should be reasonable.

ii. Anticipated possible benefits

The company's total capital utilization in this plan is NT\$1,279,399,000, which is mainly used to purchase machinery and equipment and repay bank loans. The expected benefits are as follows:

a. Purchase machinery and equipment

In order to meet the market demand and expand the scale of operation, the NT\$679,399 thousand in this project is used to purchase machinery and equipment to develop the wafer-level packaging process. It is estimated that the production volume, sales volume, operating income, operating profit and operating profit of quartz products can be increased as follows:

Unit: 1000 PCS/NT\$1000

Year	Item	Production	Sales Volume	Sales Amount	Gross Profits	Operating Profits
2021	Crystal Product	6,000	6,000	70,560	23,849	18,204
2022		99,000	99,000	1,108,800	358,142	269,438
2023		108,000	108,000	1,149,120	344,276	252,347
2024		108,000	108,000	1,058,400	286,191	201,519
Total		321,000	321,000	3,386,880	1,012,458	741,508

b. Repay bank loan

The company is expected to repay the bank loan of NT\$ 600,000,000 in the project of this financing plan. The 5th domestic unsecured convertible corporate bond declared and issued this time is expected to be repaid in accordance with the bank loan contract immediately after the completion of the fundraising. It can save NT\$1,300,000 in interest expenses, and save about NT\$3,900,000 in interest expenses every year since 2021, and can improve the financial structure

2. Execution situation

Unit : NT thousand

Project	Implementation status		Q2'2022	As of Q2' 2022	Reasons for being ahead or behind and improvement plan
Repay bank loan	Amount	Plan	—	600,000	Completed as planned
		Actual	—	600,000	
	Status	Plan	—	100%	
		Actual	—	100%	
Purchase machinery and equipment	Amount	Plan	229,399	679,399	Procurement of relevant equipment has been carried out according to the plan, and the amount is lower than the original estimated amount
		Actual	293,361	602,162	
	Status	Plan	33.76%	100%	
		Actual	43.18%	88.63%	
Total	Amount	Plan	200,000	1,279,399	Procurement of relevant equipment has been carried out according to the plan, and the amount is lower than the original estimated amount
		Actual	293,361	1,202,162	
	Status	Plan	17.93%	100%	
		Actual	22.93%	93.96%	

The plan originally planned to invest NT\$600,000,000 to repay bank loans, NT\$679,399,000 to purchase machinery and equipment to develop the wafer-level packaging process. , of which NT\$600,000,000 is used to repay bank loans, and NT\$600,000,000 is used to purchase machinery and equipment. As of the second quarter of 2021, the repayment of bank loans has been completed according to the plan, and the implementation progress has reached 100%. Another amount for the purchase of machinery and equipment NT\$602,162,000 (NT\$600,000,000 has exceeded the amount of raised funds), and the implementation progress has reached 88.63%. Because the amount of related equipment purchased is lower than the original estimated amount and the payment exchange rate is different, the board of directors resolved to adjust the domestic The amount used for the fifth unsecured conversion corporate bond plan to purchase machinery and equipment was adjusted from NT\$679,399,000 to NT\$602,162,000, and the total amount of the overall plan was adjusted to NT\$1,202,162,000,

so the fifth domestic unsecured conversion corporate bond funds The operation plan has been completed in the second quarter of 2022.

(II) The previous cash capital increase plan and its implementation: None

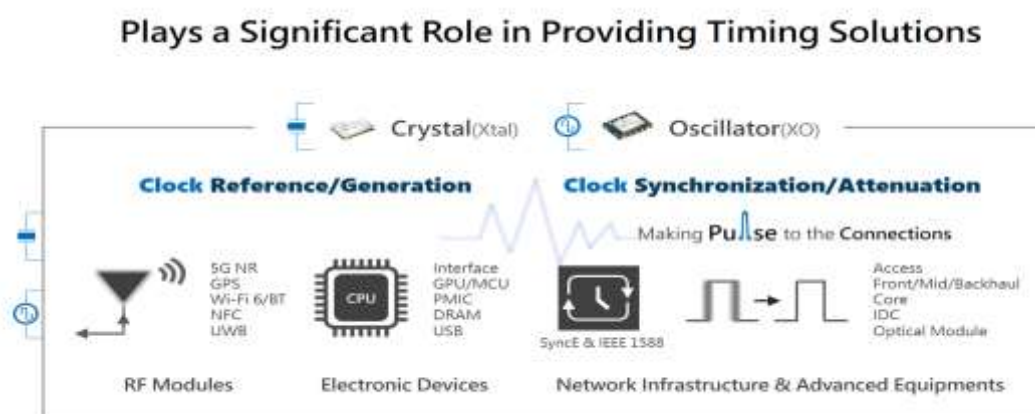
Chapter 5 Business Information

I. Business Contents

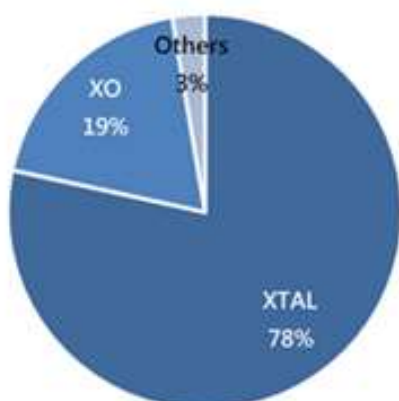
(I) Business Scope

(1). Major Business Contents

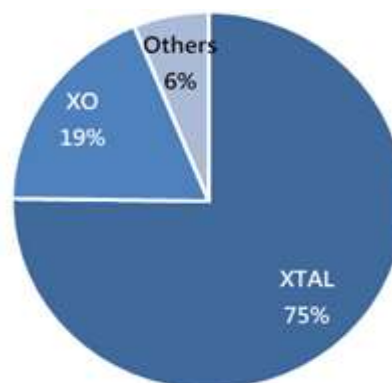
TXC Corporation is a professional supplier of frequency control components. Since its establishment in 1983, it has been committed to the research and development, design, production and sales of quartz component series products, specializing in the production of high-precision, high-quality quartz crystal resonators (Crystal Units), crystal oscillators (Crystal Oscillators) and other frequency component products, related products can be widely used in mobile communication, telecommunications, information communication and storage computing equipment, Internet of Things (IoT), smart home, artificial intelligence, high-performance computing Cards, medical care, various types of connection technologies, automotive electronics, electric vehicles and other application markets; over the years, we have always aimed to enhance customer value, and strive to surpass customers in terms of price, quality, delivery time, and service. Expect and urge yourself to be the best strategic partner for customers.



(2). Business Proportions
















2023 Consolidated Sales Revenues
NT\$ 10,850,402 thousands



2022 Consolidated Sales Revenues
NT\$ 13,169,688 thousands

(3). Company's current products

Product Type	Type	Product Size	Product Picture
Crystal Units	SMD Glass Sealing Crystals	3.2 x 2.5mm , 2.5 x 2.0mm 2.0 x 1.6mm	
	SMD Seam Sealing Crystals	3.2 x 2.5mm , 2.5 x 2.0mm , 2.0 x 1.6mm , 1.6 x 1.2mm , 1.0 x 0.8mm	
	SMD AuSn Sealing Crystals	1.6 x 1.2mm , 1.2 x 1.0mm	
	SMD Seam Temperature Sensing Crystals (TSX)	2.5 x 2.0mm , 2.0 x 1.6mm 1.6 x 1.2mm , 1.2 x 1.0mm	
	SMD kHz Crystals (Tuning Fork)	3.2 x 1.5mm , 2.0 x 1.2mm 1.6 x 1.0mm , 1.2 x 1.0mm	
Crystal Oscillators	SMD Crystal Oscillators (CMOS)	5.0 x 3.2mm , 3.2 x 2.5mm , 2.5 x 2.0mm , 2.0 x 1.6mm , 1.6 x 1.2mm	
	SMD Crystal Oscillators (Differential)	7.0 x 5.0mm , 5.0 x 3.2mm 3.2 x 2.5mm , 2.5 x 2.0mm 2.0 x 1.6mm	
	SMD kHz Crystal Oscillators	7.0 x 5.0mm , 5.0 x 3.2mm 3.2 x 2.5mm , 2.5 x 2.0mm 2.0 x 1.6mm , 1.6 x 1.2mm	
	SMD Voltage Controlled Crystal Oscillators (VCXO)	7.0 x 5.0mm , 5.0 x 3.2mm 3.2 x 2.5mm	
	Oven Controlled Crystal Oscillators (OCXO)	14 x 9 mm(SMD type) 1.7 x 7.5mm (SMD type) 7.0 x 5.0 mm(SMD type) 5.0 x 3.2mm(SMD type)	
	SMD Temperature Compensated Crystal Oscillators (TCXO)	3.2 x 2.5mm , 2.5 x 2.0mm 2.0 x 1.6mm , 1.6 x 1.2mm	
	Precise SMD Temperature Compensated Crystal Oscillators (TCXO Stratum-3)	7.0 x 5.0mm (4/10 Pad) 5.0 x 3.2mm (4/10 Pad)	
Automotive	Glass Sealing Crystal / Seam Sealing Crystal / XO/TCXO /TSX/kHz Crystal Oscillators/ kHz Crystals (Tuning Fork)	8.0 x 4.5mm , 5.0 x 3.2mm 3.2 x 2.5mm , 3.2 x 1.5mm 2.5 x 2.0 mm , 2.0 x 1.6 mm 1.6 x 1.2 mm	

(4). Scheduled new products development

According to the development strategy and market demand, the company will continue to invest in research and development resources, actively develop new technologies, and take "miniaturization, high stability, and modularization" as the product development policy to expand market share in high-end applications and high value-added products Rate. And based on the company's core technology, develop horizontally and actively enter the fields of optics,

micro-electromechanical, medical electronics and automotive electronics. Facing the rapid changes and fierce competition in the domestic and foreign markets, the company has formulated the following new product development priorities:

i. Development of miniaturized products

Pursuing product leadership and continuing to take root in quartz component technology, we have successfully mass-produced the smallest 1.0x0.8x0.30mm quartz crystal component currently on the market and achieved the highest market share. We are actively developing 0806 extremely miniaturized products, technology layout and ultra-high frequency (> 300 MHz) quartz crystal components to meet future product miniaturization trends, 5G+ and AI-related needs; simultaneously and continuously develop higher-precision process technology to achieve the pre-layout of its own engineering technology to achieve high cost performance, low energy consumption, Product development with high seismic resistance and large bandwidth span.

ii. Development of automotive electronics products

The company has obtained IATF-16949 quality operating system certification and completed the ISO 9001/IATF 16949-2016 version conversion. Our products continue to move towards the highest quality and reliability of Grade 0 in terms of technology, safety, quality and other aspects. Currently, the products developed are: Miniature wide temperature range temperature compensated quartz oscillator (TCXO), miniaturized wide temperature range quartz oscillator (XO), miniaturized high frequency quartz oscillator (HF XO) are suitable for Grade 0 quartz crystal components, etc. to prepare for the future Growth momentum of automotive electronics products.

iii. Development of advanced crystal vibrator and oscillator and module products

Continue to invest in the development of high-end oscillators to meet 5G+/B5G application requirements. In terms of mobile phone applications, we focus on the development of temperature-compensated quartz oscillator (TCXO) products with miniaturization, high frequency, high stability, low phase noise and low power consumption to meet the requirements of new generation millimeter wave technology. In terms of network equipment applications, related equipment needs to be equipped with optical fiber communication modules/NICs to complete high-speed data transmission. The high-frequency, miniaturized and high-stability oscillators (XO) required for this application are the focus of our company's development investment. In terms of 5G+/B5G base stations and AI applications, various new application specifications such as low noise, high stability, high temperature resistance, vibration resistance, air tightness, miniaturization, Holdover performance and Power Saving need to be met. Our company will continue to invest in corresponding product development such as miniaturized temperature-controlled oscillator module (OCXO), high-stability temperature-compensated quartz oscillator (S3-TCXO) and high-frequency oscillator (HF XO) and other AOM (Advanced Oscillator Module) products. In line with the application development of next-generation communication technology.

iv. Development trend of future terminal application products

		2024	2025	2026
Product	Seam=Seam seal Glass=Glass seal			
	MHz Crystal		● 0806 Xtal 76.8MHz (Ultra Miniature) ● 3225 Xtal <400MHz ● 2520 Xtal <400MHz ● 2016 Xtal <400MHz	● 0604 Xtal 76.8MHz
	MHz Crystal	● 1210 TSX (153.6MHz)	● 1008 TSX (153.6MHz)	● 0806 TSX (153.6MHz)
	Thermistor	● 1210 TSX (52MHz) ● 1210 TSX (76.8MHz)	● 1210 TSX (104MHz)	● 1210 TSX (153.6MHz)
	XO	● 1612 XO (76.8MHz 105°C) ● 3225~2016 XO <156MHz (High Sability & Width Freq.) ● 3225~2016 XO 25-156MHz (High Stability)	● 0806 (<80MHz All Quartz for Ultra Miniature) ● 2016 XO 2.1GHz (Ultra Miniature)	● 2016 XO (13-52MHz 125°C) ● 3225~2016 XO 25-200MHz (Low P/N) ● 1008 XO (Ultra-Miniature)
	VCXO	● 7050~3225 PLL 25~3.5GHz (Low Phase Noise) ● 1409 122.88MHz VCXO (Low Phase Noise)	● 3225 XO (LVPECL 491.52MHz)	● 7050~3225 PLL (Low Phase Noise) ● 2520 <200MHz CMOS (Miniature)
	TCXO	● 7050 TCXO (85°C) High Freq. & High Sability ● 1612 TCXO (High Freq. & Low Noise) ● 1612 TCXO (85°C) (Low Power)	● 1612 TCXO (85°C) Low ● 5032 TCXO (105°C)	● 7050 TCXO (105°C) ● 1210 TCXO (85~105°C)
	OCXO	● 7050 OCXO(105°C)	● 1409 OCXO (Ultra-Stable for Holdover) ● 5032 OCXO(95°C)	● 7050 OCXO(105°C) ● 3225 OCXO (95°C)
3Q	● 0806 76.8MHz		● 0806 153.6MHz ● 1008 Ultra thin 307MHz ● 0604 76.8MHz	

(II) Industry Overview

(1). Current industry status and development

In response to the rapid development of the industry in the new era of 5G+ communication, in order to meet the design trend of mobile terminals and intelligent electronic products, the design trend is toward integration, high-function computing, and multi-processing. Short, small, precise and thin have become the development trend of the integration level of quartz crystal components. Due to the development and progress of production technology, microelectronics technology has laid a good technical foundation for the miniaturization of intelligent electronic products, mobile terminals and other products. In addition, the design and application of the micro-electromechanical system also provides technical reference and technical inspiration for the processing of quartz crystal raw materials, and accelerates the development of quartz crystal components to miniaturization and high precision.

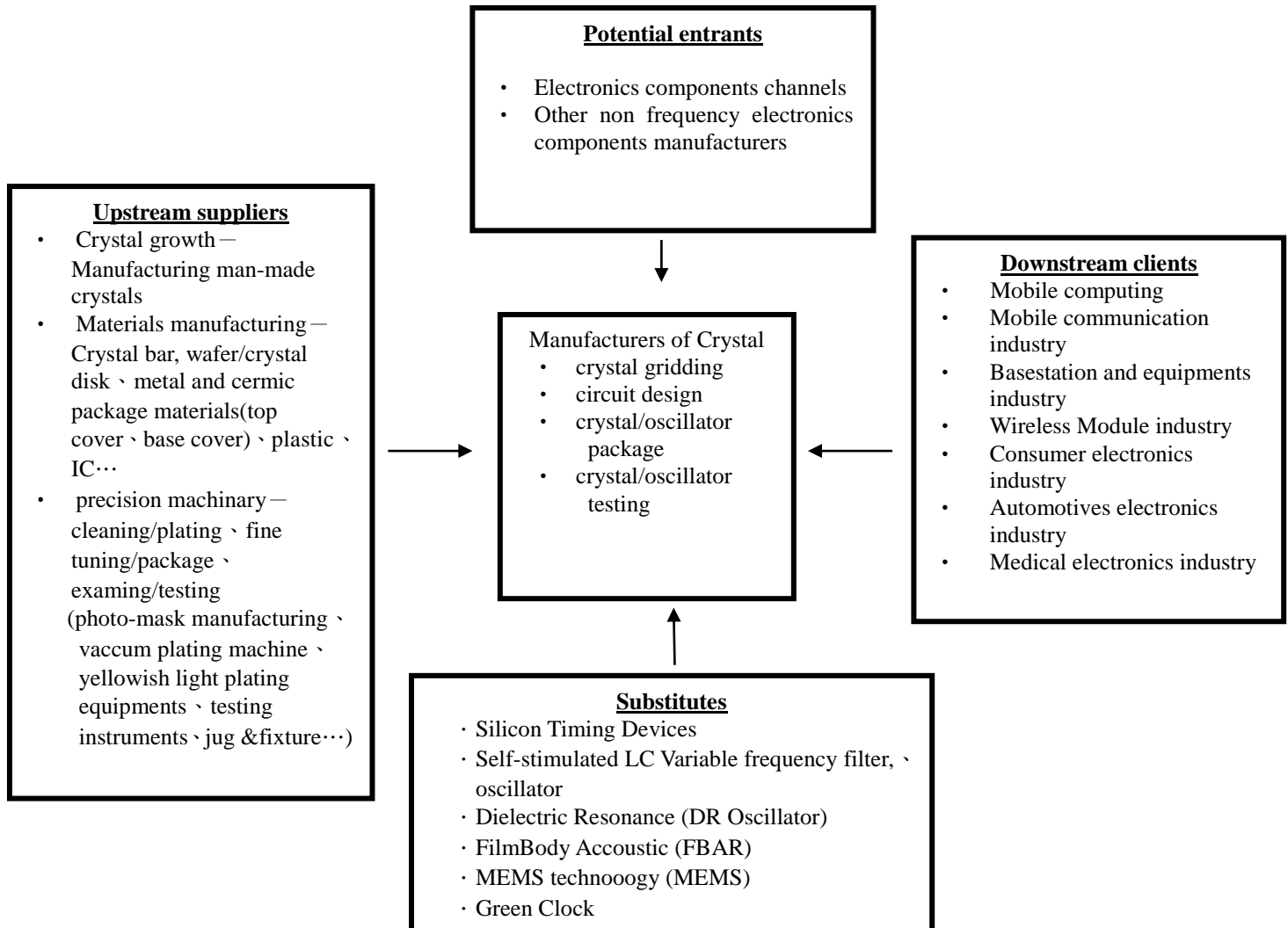
In the past, the production of high-end quartz crystal components and their raw materials was mainly concentrated in Japan, Europe, America and other places. However, the production enterprises of quartz crystal components in Taiwan and mainland China have developed rapidly in recent years. Through technological transformation, various enterprises have improved their technical level and production scale. Process technology and product quality have kept pace with Japanese, European and American companies or even advanced. The comparison of the regional competitive advantages of major quartz component suppliers is as follows:

Key element	European, USA manufactures	Japanese manufactures	Taiwanese manufactures	China manufactures
Frequency	Very high	Very high	Very high -Middle	Middle-Low
Precision	Very high	Very high	Very high -Middle	Middle-Low
Size	Middle-Low	Very high	Very high -Middle	Middle-Low
Capacity	Low	Very high-Middle	Very high -Middle	Middle-Low

For Taiwanese manufacturers, in the early days, they followed market development and directly purchased raw materials, equipment, and manufacturing processes to produce products in large quantities, and emphasized rapid listing. Recently, they have gradually internalized technology into their own capabilities and improved them through the improvement of equipment and manufacturing capabilities. At present, manufacturers with relatively large scale of production of quartz components in China are TXC Corporation, HARMONY ELECTRONICS CORP, SIWARD CRYSTAL TECHNOLOGY CO., LTD, TAITIEN ELECTRONICS CO., LTD., TAI-SAW TECHNOLOGY CO.,LTD., HOSONIC ELECTRONIC CO., LTD., AKER TECHNOLOGY CO ., LTD Each manufacturer focuses on different products and The market is differentiated, and the company's products have the widest application layout, the largest business scale, and the highest market share, and it occupies a leading position in the quartz crystal industry.

(2). Market relationship of up, middle, and down stream companies

Crystal components are our major product and it is also the basic electronics parts. Our upstream industries include crystal growth, material manufacturing, and precision machinery. The downstream applications include information technology, wire and wireless communications, consumer electronics, and network products etc. The relationship between the up, middle, and downstream manufacturers is given in the below diagram:



(3). Development Trend of Crystal Industry

i. Quartz components industry development trend

Quartz component products are important components of electronic products. In order to match the vigorous development and trend of future terminal applications, its future product type, product precision and size will develop towards the following trends:

(a). Miniaturization, SMD trend

The goal of miniaturization will focus on the development of technologies such as single chip IC, chip design and manufacturing, packaging and testing; taking SMD type frequency components as an example, the current length and width dimensions have been developed from $3.2 \times 2.5\text{mm}$, $2.5 \times 2.0\text{mm}$, $2.0 \times 1.6\text{mm}$, and then to $1.6 \times 1.2\text{mm}$, $1.2 \times 1.0\text{mm}$, $1.0 \times 0.8\text{mm}$, or even smaller $0.8 \times 0.6\text{mm}$; the height of the components has also been from 1.2mm, 0.9mm, 0.8mm, 0.7mm, 0.5mm to 0.35mm, 0.30mm, 0.25mm improvement. In addition to the size reduction achieved by SMD packaging, it can also be connected with the industrial chain of downstream customers; including the technology development trend of front-end chipset, product design trend of brand customers and SMT production of related customers, etc., and all can achieve adaptation.

- (b). High frequency low noise, high precision and high stability oscillator module
- 5G+ wireless communication system is mainly composed of RRU or AAU, front-haul network, BBU or CU/DU, back-haul network, core network and access network.
- High frequency and low noise: through the high frequency basic wave crystal matching etching technology autonomously developed by our company, we have completed the development of high frequency ($> 200\text{MHz}$) and low noise crystal oscillator (XO) and voltage controlled crystal oscillator (VCXO) to meet the requirements of 5G+ communication optical module and RF system.
- High precision: the TCXO with high precision ($+ / - 100\text{ppb}$) and high temperature ($- 40 \sim 105^\circ \text{C}$) is developed to meet the needs of 5G+ AAU requirements through the customized dual circuit temperature compensation circuit and low disturbance quartz crystal matching customized temperature compensation algorithm.
- High stability: the first constant temperature crystal oscillator (OCXO) in the industry is completed through the innovative patented embedded ceramic heater packaging technology, surface mounted SC-cut crystal and customized temperature control circuit. This product has the advantages of miniaturization ($9.7 \times 7.5\text{mm}$), and is especially suitable for providing the synchronous system of the basic frequency unit.
- Based on the evolution of various high-speed transmission systems, the corresponding frequency components move towards the direction of high frequency, modularization, high precision and high stability. We have developed all kinds of oscillator modules through our own packaging, resonators and customized IC technologies, which is conducive to the simplification of customer circuit design to meet the performance requirements of 5G+ applications.

(4). Competition Situation

Faced with a long-term competitive environment in the frequency component industry, with the application trends of 5G+, AIoT high-frequency, high-stability, high-temperature, and ultra-miniature products, each manufacturer is limited by its technical capabilities and has the capacity and ability to provide products that meet 5G+. Frequency component manufacturers of AIoT products are concentrated in the top five industries. Therefore, the frequency component industry is expected to accelerate the situation of Evergrande with the continued development of 5G+ and AIoT industries, and 5G+ and AI will drive the transformation of the industrial ecosystem.

However, products with high stability, high temperature and ultra miniaturization are in urgent need of rigorous product design and stringent production conditions, including

investment and preparation of special production equipment are a test of the R & D and manufacturing capabilities of manufacturers, especially the ability to optimize cost structure. The marketing team of the company has links to reference designs of various front-end IDH manufacturers and grasped the trend of production materials, market supply and demand, long-term operation and cultivation of clients, which has made the prices return to a reasonable level, to promote the company to build a reasonable profit, and improve the health of the industrial chain.

3. Technology and Recent Research and Development

(1) Ratio of R&D expense of total revenue during recent years up to December 31, 2023

Units : NT\$ 1,000 , %

Year	2022	2023
Net Revenue (Note)	13,104,001	10,827,498
R&D expense	1,039,164	950,460
R&D Expense/Net Revenue (%)	7.93	8.78

Note : exclude property sales

(2) Research and Development Results

Products development - Crystal Units	<ul style="list-style-type: none"> 1、SMD 3.2 x 2.5 mm Crystal for Networking, Infra, Automotive 2、SMD 2.5 x 2.0 mm Crystal for Networking, Infra, Automotive 3、SMD 2.0 x 1.6 mm Crystal for Mobile, Wearable, IoT, Networking, Infra, Automotive 4、SMD 1.6 x 1.2 mm Crystal for Mobile, Wearable, IoT, Networking, Infra, Automotive 5、SMD 1.2 x 1.0 mm Crystal for Mobile, Wearable, IoT, Networking 6、SMD 1.0 x 0.8 mm Crystal for Mobile, Wearable, IoT, UWB 7、SMD 2.5 x 2.0 mm TSX for Mobile, Automotive 8、SMD 2.0 x 1.6 mm TSX for Mobile, Wearable, Automotive, UWB 9、SMD 1.6 x 1.2 mm TSX for Mobile, Wearable, Automotive 10、SMD 1.2 x 1.0 mm TSX for Mobile, Wearable
Products development - Crystal Oscillators	<ul style="list-style-type: none"> 1、SMD Seam XO 2.0 x 1.6 mm 2~80 MHz 2、SMD Seam XO 1.6 x 1.2 mm 2~80 MHz 3、SMD 1.6 x 1.2 mm Oscillator for Automotive 4、SMD 7.0 x 5.0 mm Oscillator for Differential Output Oscillator for Telecom 5、SMD 5.0 x 3.2 mm Oscillator for Differential Output Oscillator for Telecom 6、SMD 2.5 x 2.0 mm Oscillator for Differential Output Oscillator for Telecom 7、SMD 2.5 x 2.0 mm Oscillator for Automotive 8、SMD 2.0 x 1.6 mm Oscillator for Automotive 9、SMD 7.0mm x 5.0mm High Frequency XO/VCXO (2.1GHz) for Base SMD 3.2 x 2.5 mm Crystal for Mobile, Station, Networking, Infrastructure 10、SMD 5.0mm x 3.2mm High Frequency XO/VCXO (2.1GHz) for Base Station, Networking, Infrastructure 11、SMD 3.2mm x 2.5mm High Frequency XO/VCXO (2.1GHz) for Base Station, Networking, Infrastructure 12、SMD 5.0 x 3.2 mm Stratum-3 VC-TCXO for 5G AAU, Small-cell, Networking Infrastructure 13、SMD 5.0 x 3.2 mm Stratum-3 VC-TCXO with high temperature and low phase noise for Base Station 14、SMD 3.2 x 2.5 mm HFF VCXO for Base Station, Networking, Infrastructure 15、SMD 3.2 x 2.5 mm TCXO for GPS and Mobile 16、SMD 2.5 x 2.0 mm TCXO for GPS and Mobile 17、SMD 2.0 x 1.6 mm TCXO for GPS and Mobile 18、SMD 1.6 x 1.2 mm TCXO for GPS and Mobile

	<ul style="list-style-type: none"> 19、 SMD 1.6 x 1.2 mm Low Profile TCXO for GPS and Mobile SIP Module 20、 SMD 3.2 x 2.5 mm TCXO for Automotive 21、 SMD 2.5 x 2.0 mm TCXO for Automotive 22、 SMD 2.0 x 1.6 mm TCXO for Automotive 23、 SMD 7.0 x 5.0 mm Stratum-3 TCXO with high temperature and low phase noise for 5G AAU, Small-cell, Networking Infrastructure 24、 SMD 7.0 x 5.0 mm Stratum-3 TCXO for Base Station, Small-cell, Networking Infrastructure 25、 RTC 10.1 x 7.4 mm for smart utilities devices, electric meters, gas meters 26、 SMD 1.6 x 1.2 mm 32k TCXO for wearable device 27、 SMD7.0 x5.0mm Miniaturized Oven-Controlled Crystal Oscillator for 5G RRHs, Small Cells 28、 SMD 9.7 x 7.5mm Miniaturized Oven-Controlled Crystal Oscillator for telecommunication, stratum-level and base-station 29、 SMD 5 x 3.2 mm Miniaturized Oven-Controlled Crystal Oscillator for 5G RRU, Small Cells, and TSN 30、 SMD 14 x 9 mm Miniaturized Oven-Controlled Crystal Oscillator for 5G BBU, DU, and CU 31、 SMD 3.2 x 2.5 mm Oscillator for Automotive 32、 SMD Seam XO 2.5 x 2.0 mm 1~160 MHz 33、 SMD Seam XO 3.2 x 2.5 mm 1~160 MHz 34、 SMD Seam XO 5.0 x 3.2 mm 1~160 MHz
Products development - Sensor	<ul style="list-style-type: none"> 1、 SMD 4.0 x 2.4mm Ambient Light Sensor and Proximity Sensor with Integrated IR LED for Mobile Phone 2、 SMD 2.5 x 2.0mm Ambient Light Sensor and Proximity Sensor with Integrated IR LED for Mobile Phone 3、 SMD 3 in 1 Light Sensor 2.5 x 2.0 mm for Smartphone, Tablet, DSLR, Smart wearable , Fitness devices 4、 SMD 3 in 1 Light Sensor 4.5 x 0.9 mm for Smartphone, Tablet, Smart wearable , Fitness devices 5、 1.6 x 1.6 mm 3-axis electronic compass for Sensor application
Products development - Blank	<ul style="list-style-type: none"> 1、 Inverted MESA BLK 1.3 x 1.03mm 2、 Inverted MESA BLK 1.6 x 1.14mm 3、 Inverted MESA BLK 2.49 x 1.83mm 4、 Inverted MESA BLK 0.763 x 0.670mm 5、 Photo Flat Die 660um x 530um 6、 Photo Flat Die 760um x 650um 7、 Photo IM Die 1600um x 1140um
Patents and Academic Publications	<p>【Patents】</p> <ul style="list-style-type: none"> 1、 Method for making piezoelectric quartz oscillator chip 2、 Quartz crystal oscillator 3、 Crystal oscillator with layout structure for miniaturized size 4、 Light-sensing chip packaging structure 5、 Wafer-level packaging structure of through-hole vibrator device 6、 Manufacturing method of wafer-level packaging structure of through-hole vibrator device 7、 Wafer-level packaging structure and manufacturing method of through-hole vibrator device 8、 Improved oscillator wafer-level packaging structure 9、 Wafer-level packaging structure of vibrator device with enhanced airtightness 10、 Partition parallel light sensing chip packaging structure 11、 Miniature aerosol sensing device with self-cleaning function 12、 Quartz oscillator board 13、 OVEN CONTROLLED CRYSTAL OSCILLATOR CONSISTING OF HEATER-EMBEDDED CERAMIC PACKAGE 14、 TEMPERATURE-CONTROLLED AND TEMPERATURE-COMPENSATED OSCILLATING DEVICE AND METHOD THEREOF 15、 Miniature aerosol sensing element (thermophoresis type) 16、 Infrared sensor 17、 Wafer-level packaging structure of oscillator crystal 18、 Shock-absorbing crystal oscillator packaging structure

- 19、Crystal oscillator package structure
- 20、Oscillating device and method for temperature control and temperature compensation
- 21、OSCILLATING DEVICE
- 22、Oven-controlled crystal oscillator (OCXO) composed of built-in heating ceramic package
- 23、Resonator package structure
- 24、TEMPERATURE-CONTROLLED OSCILLATING DEVICE
- 25、CRYSTAL OSCILLATOR AND METHOD FOR FABRICATING THE SAME
- 26、Infrared heat sensor structure
- 27、Array type infrared heat sensor structure
- 28、WLP&FCB structure package
- 29、QUARTZ OSCILLATING PLATE

For the patents or possible patents of TXC, please refer to relative patent database.

【Papers】

- 1、Ultra Low Phase Noise VCXO with Crystal Filter Array (English),2023
- 2、A Miniature Oven-Controlled Crystal Oscillator (OCXO) with ppt Stability Over Temperature Using High-Order Polynomial Temperature Control (English),2023
- 3、Design of resonator with grooved structure, 2023
- 4、The World's Smallest Quartz-Based OCXO for 5G Synchronization Applications (English), 2021
- 5、A Novel Miniature OCXO Using Hermetically Sealed Ceramic Package (English), 2020
- 6、Highly Stable Miniaturized OCXO with Heater Embedded Ceramic Package (English), 2018
- 7、Development of High-Stability Miniaturized Oven Controlled Crystal Oscillator (English), 2016
- 8、Anchor loss reduction of quartz resonators utilizing phononic crystals. (English), 2015
- 9、A Perspective for the Quartz Crystal Devices Industry and Technologies in Taiwan and China. (English), 2014
- 10、A Study for the Relationship between Drive Level and the Activity Energy in Arrhenius Accelerated Aging Model for the Small Quartz Resonators. (English), 2014
- 11、A Study on Raising the Fundamental TS-mode Resistance by Energy Trapping for 3rd Overtone. (English), 2014
- 12、Laser Measurement and Identification of Vibration Modes of AT-cut Quartz Crystal Resonators. (English), 2013
- 13、The Study of Aging Frequency Drift Mechanism for Quartz Crystal Resonators. (English), 2013
- 14、Advanced TSV-Based Crystal Resonator Devices Using 3-D Integration Scheme With Hermetic Sealing. (English), 2013
- 15、TSV-based quartz crystal resonator using 3D integration and Si Packaging technologies. (English), 2013
- 16、A Brief View of the Current State of the Development and Aging Performance of Fixed Frequency Surface Acoustic Wave (SAW) Oscillator (English), 2012
- 17、Properties of Miniature X- and Z'-Elongated Rectangular AT-CUT Quartz Resonators of Different Sizes (English), 2012
- 18、Vibration Mode Identification and Coupling Assessment with the Mindlin Plate Equations and Measurements is a Quartz Crystal Plate (English), 2012
- 19、Aging Performance of Small Size MHz Quartz Crystal Under High Drive (English),2011
- 20、Inharmonic Overtones in Partially Plated AT-cut Quartz Crystal Plates (English),2011
- 21、The Study of Activation Energy (Ea) by Aging and High Temperature Storage for Quartz Resonators' Life Evaluation (English), 2011
- 22、An Efficient AT-cut quartz Crystal Resonator Design Tool for Activity Dip in Working Temperature Range (English), 2011
- 23、Quartz Crystal Industry of China at Crossroads (English), 2011

For relative paper, please refer to the website of TXC: <https://www.txccorp.com/>

4. Long and short term sales and marketing plan

(1). Short-term Development Plan

i. Marketing Strategy

- A. Strengthen the 1st Design win of Automotive Tier 1 IC Design House.
- B. Expand the proportion of automotive sales and focus on the complete ecological chain of EV and the advanced layout of new applications.
- C. Focus on accelerating the promotion and penetration of 5G+/AI/HPC/Automotive target customers (executing customer project management) and expanding the sales proportion of niche industries.
- D. In response to product applications in the 5G+/AI/HPC market, increase AOM/XO full-size product layout and customer promotion, and combine the supply and demand conditions of the semiconductor market to make immediate adjustments and meet customer needs.
- E. Improve the customer structure of small-size products and the sales structure of special customer specification numbers to diversify the customer base and reduce customer concentration risks.
- F. Continue to implement the CRM process smart blueprint in stages according to the company's smart project to streamline processes and improve personnel utilization efficiency.
- G. Through the practice of intelligence, mobility and big data analysis in information systems (BI), assist business personnel in the formulation and judgment of sales strategies.

ii. SMD Manufacturing Strategy

- A. Accelerate the improvement of mass production efficiency of new products: In response to the miniaturization and small-volume and diverse demand characteristics of 5G+ high-frequency products, expand the use of Photo Die wafers and combine it with Wafer In incoming material information to equip Tray Tracing information to comprehensively grasp the input and output aspects. The relevant parameters ensure that the mass production quality and yield of new products can meet the (Time to Volume & Time to Market) to meet the rapidly changing needs of customers and the market, and effectively support the company's revenue and gross profit growth goals.
- B. Build a healthy physique and pursue sustainable development: Strengthen the manufacturing system's systematic thinking ability and use cross-department collaboration contracts to effectively and balancedly utilize team resources to remove or reduce sluggish, wasteful, ineffective costs and energy waste. Strengthen efforts to save people, save time, reduce costs and fees, and actively improve the cost of poor quality (COPQ), continue to improve production efficiency, pursue energy conservation and carbon reduction, so that the carbon footprint of each product can continue to decrease, and pursue sustainable development as the Core concepts drive ESG governance-related activities.
- C. Gradually expand the wafer assembly factory: By leveraging the successful experience of TSX Photo Die Wafer, we will comprehensively promote high-frequency miniaturized Crystal products and high-precision TCXO products into the wafer Photo Die Wafer, and use our own equipment independent development capabilities to build the required The Photo Die Wafer assembly capacity combines intelligent modules, MES systems, EDA

systems and RMS systems to connect information flows to establish long-term competitive advantages in manufacturing transformation.

- D. Improve digital system information connection: comprehensively convert the ERP OSFM system to the MES system, improve the accuracy, completeness and immediacy of on-site related data collection and simplify the complexity of personnel operations, while upgrading the modular intelligent production information system and integration Combined with the data analysis platform (Engineer Data Analysis System), it can reduce abnormal operations and detect variations in advance while improving operation efficiency. It uses Fine BI Kanban to visualize the information flow, allowing all management levels to improve the quality of operational decision-making analysis and build systematic operational thinking. To move towards sustainable management.

iii. MEMS Strategy

- A. Develop advanced wafer and intelligent manufacturing process technology: Committed to mass production and process optimization of 4-inch wafers, and using quartz etching, yellow light development and other wafer-level wafer process-related technologies to accurately control wafer TTV and surface Cleanliness, accelerating the development of chips corresponding to each frequency point and chip size to adapt to future product specifications and meet the needs of a large number of products such as 5G+, Internet of Things (IoT), automotive electronics, etc., towards miniaturization, high frequency, high stability, and demanding applications environmental conditions.
- B. Improve chip design and development capabilities: Cooperate with the development of advanced wafer process technology to upgrade chip design and development capabilities to a higher technical level, including Photo Die, Photo BLK (IM), and SC-cut. At the same time, it combines the two core advanced technologies of wafer process and chip design to innovate the existing process and stabilize mass production capabilities to meet the special needs of the market, and accelerate the expansion of 5G+ and IoT product application layout.
- C. Cooperate with crystal design and advanced packaging and testing technology capabilities to respond to product market demands for miniaturization, high drive, high frequency, high stability, and harsh application environmental conditions.
- D. Combine internal and external resources, adjust the proportion of high- and low-value operations, and concentrate resources on developing core technologies and products.
- E. Improve digital system platform tools: Accelerate the upgrade of intelligent production information systems and integrate related data platforms, reduce abnormal operations, improve operating efficiency, and strengthen the accuracy, completeness and immediacy of on-site related data collection to increase the speed and speed of problem solving. Quality of analysis for operational decisions.

iv. Quality Assurance Strategy

- A. Oriented to meet customer expectations and long-term trust, focusing on reducing operational risks, promoting risk management (Risk Management) and zero failure of product quality (Zero Defect) as the goal, and continuing to promote all members of the group to do the things right at first Time quality awareness and optimization of various operations.
- B. Promote VDA6.3 process audit process operations in the automotive industry, and improve internal process audit capabilities through internal and external education,

- training and certification, and promote the continuous improvement of the production process to increase its effectiveness.
- C. Continuously optimize the quality, delivery and cost management of the New Product Introduction (NPI) process, reduce the risk of design changes and accelerate the introduction of products into market niches.
 - D. Promote the digitalization of material supplier quality management and data docking, reduce product production quality risks and failure costs, and use data analysis to intelligently optimize operations and improve efficiency.
 - E. Continue to promote the three-no and four-no policy (on-site, present goods, reality/no acceptance of defective products, no production of defective products, no leakage of defective products, and non-recurrence of defective products) quality activities involving all employees and the implementation of production site management Continuous improvement to reduce internal and external quality failure costs.

v. Product R&D Strategy

- A. Crystal oscillator research and development: In response to market layout and next-generation application needs, next-generation XO, VCXO, TCXO and OCXO products will be developed. Product application focuses on specifications such as miniaturization, thinness, earthquake resistance, low phase noise, high precision, high frequency and wide temperature range; in terms of technology, it focuses on strengthening customized integrated circuits, semiconductor packaging technology, algorithm compensation technology and optical The development of engraved wafers supports the above applications and development.
- B. Crystal Units research and development: Continuous advancement in world sensing technology, network technology, communication technology, data processing technology, automatic control technology and other technologies. Crystal products are one of the signal sources for all electronic products, and their technical specifications require higher standards to cope with them. In addition to continuing product miniaturization (0.8x0.6mm), developing higher frequency (>300MHz), thinner and lighter products (Product High<150um), more accurate products (Slope<50ppb), and higher reliability products (ACAP); synchronize, study new material properties, new process parameters, and solve the long-standing difficult problems of the production line in the past (normal temperature dispersion, temperature measurement dispersion).
- C. Forward-looking technology/product research and development: With the establishment of advanced packaging process technologies such as all-quartz yellow light lithography, wet and dry etching, wafer-level bonding and measurement, etc., forward-looking technology research and development will enter the high-end product verification stage and start Plans to expand wafer-level quartz process technology to product development for other applications. In addition, in terms of design analysis technology, we will simultaneously expand the establishment of computer-aided design software and hardware capabilities and precision instrument analysis capabilities, and integrate advanced processes and analysis and design capabilities to meet the needs of the market and customers in the next generation.

vi. Supply chain strategy

- A. The Group's production capacity construction and activation planning: In response to geopolitical changes and based on risk reduction considerations, the planning of

multi-factory production of products continues, and the establishment of production bases outside the cross-strait is sought to meet customer requirements. With the Internet demand for 5G+, AI, and automotive electronics in the market, customer needs are gradually developing in the direction of products with miniaturization, high precision, high frequency, and high stability. The equipment capacity planning of each factory area is gradually transformed and upgraded according to the changes in demand, so as to Respond to product development trends. At the same time, the production capacity construction planning for advanced processes is also planned in advance based on the end market demand trend in the next few years, and the products are gradually transformed into high value-added production items to reduce the impact of competition from low-end products.

- B. Production, sales and inventory management: In 2024, market demand will continue to focus on terminal product applications in 5G+ infrastructure and related connection devices, as well as applications related to the electric vehicle market that continue to grow rapidly. In addition, supply capacity for the booming AI-related demand is also actively prepared. The long-dormant mobile phone and PC/NB markets will welcome orders from 2024 as client demand recovers due to weak demand in 2023 and customers continuing to destock. However, related products are subject to price-cutting competition from Chinese peers and are currently on sale. Prices and material preparation will still tend to be cautious.
- C. Material supply guarantee plan: In 2023, problems such as rising raw materials and shortage of IC materials due to factors such as the Russia-Ukraine war, the Sino-US trade war, and the Chinese COVID-19 epidemic have been partially alleviated. Most of the key main material ICs have been recognized and supplied by second suppliers. However, due to the continued impact of the Sino-US chip war, we will cooperate with some customers to continue to introduce second suppliers. In 2024, when the overall supply returns to normal, we will continue to promote cost optimization with suppliers.
- D. Supply chain smart transformation promotion plan: In 2023, we will start to promote the automated APS system platform operation for delivery verification, and the preliminary evaluation of the system introduction has been carried out. In 2024, the APS system supplier selection and introduction plan will continue to be implemented, and it is expected that the overall operating efficiency will be improved by 15% through the introduction of the system. At the same time, it is expected to complete the construction of FineBI in 2024. Through dashboards and automatic report generation, relevant operational information can be obtained clearly and easily, providing a basis for decision-making by various departments.

(2). Long-term Development Plan

- i. We are committed to developing high-precision frequency control components for high-level products applied to infrastructure including: fiber channel, Gigabit Ethernet, SDH-SONET (synchronous optical fiber transmission), small cell (small base station), and office communication.
- ii. Continue to develop miniaturized products to meet the trend of IoT modular applications, mobile communications, and consumer electronics.
- iii. Actively expand the automotive electronics customer base and deepen customer

- relationship, and continue to develop frequency control components used in automotive electronics, with the primary goal of meeting stringent quality and stability requirements.
- iv. The marketing bases continue to cultivate deeply and extensively, and strengthen the channel layout of sales markets in Southeast Asia, India, Vietnam, Israel, etc., so as to provide localized customer services that meet the customer groups in various regional markets; based on the Greater China market At the same time, continue to explore the needs of emerging markets in order to expand market share
 - v. Continue to introduce process automation and customer order requirements B2B (system docking) according to the goals of each stage, streamline processes and manpower, and ultimately improve the response speed of demand scheduling.
 - vi. The two-pronged approach of the project-based leadership organization and the lean team will comprehensively improve operational efficiency and combat capabilities, and assist business personnel in formulating and judging sales strategies through the practice of intelligence, mobility, and big data analysis in the information system (BI)

II. Marketing & Sales Situation

(I) Market Analysis

(1) Market for our major products

The product trend is toward to small and light. The products that use the SMD crystal will have a higher percentage than others. In the future, Asia still is the major OEM center, and the products from Asia are still very high. TXC would still need to work hard on the market expansion in America, Europe and Japan.

Regional sales distribution of our major products in the past two years :

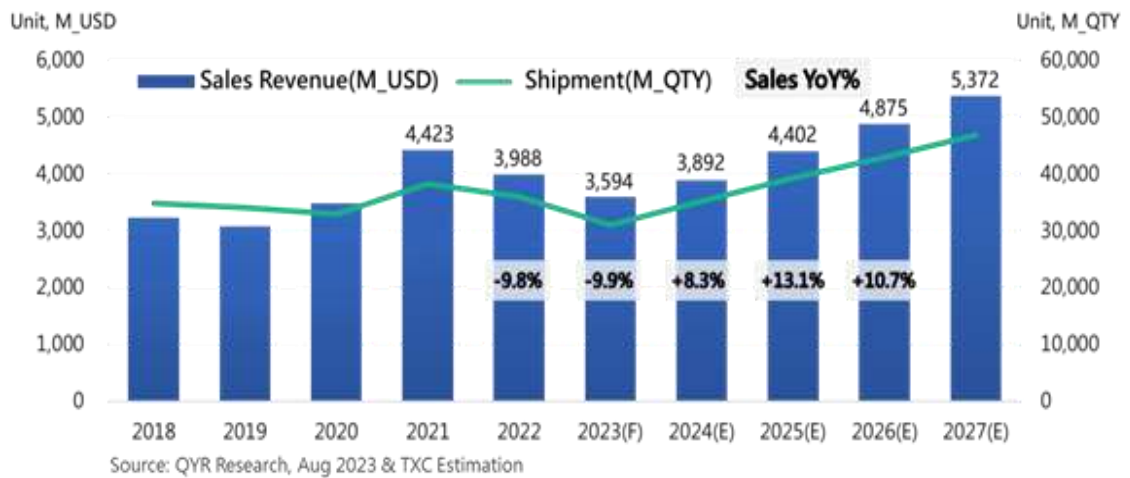
Unit: NTS 1,000

Rigion \Year	2022		2023	
	Amount	%	Amount	%
America	462,159	3.51	328,259	3.03
Europe	249,953	1.90	230,349	2.12
Asia	11,802,007	89.61	9,877,194	91.03
Taiwan	632,320	4.80	399,710	3.68
Others	23,249	0.18	14,890	0.14
Total	13,169,688	100.00	10,850,402	100.00

(2) Market growth momentum

In 2023, the world has experienced a series of unfavorable factors, including the Russia-Ukraine war, high interest rates, a high-inflation economic environment, and China's post-epidemic economic performance is not as good as expected, coupled with the expansion of the Sino-US chip ban and the escalation of the Israel-Kazakhstan conflict, these overall Uncertainty factors have caused a significant weakening in global demand for end products and exacerbated the slowdown in manufacturing activities in various countries. The global geopolitical situation has also tended towards group confrontation, which has had a significant impact on the overall global economy, leading to a decline in output. According to the 2023 Aug. QYR report, the overall sales of the global quartz component market in 2023 decreased by 9.9% compared with the same period last year.

Global Timing Market



(3) Key application deployment

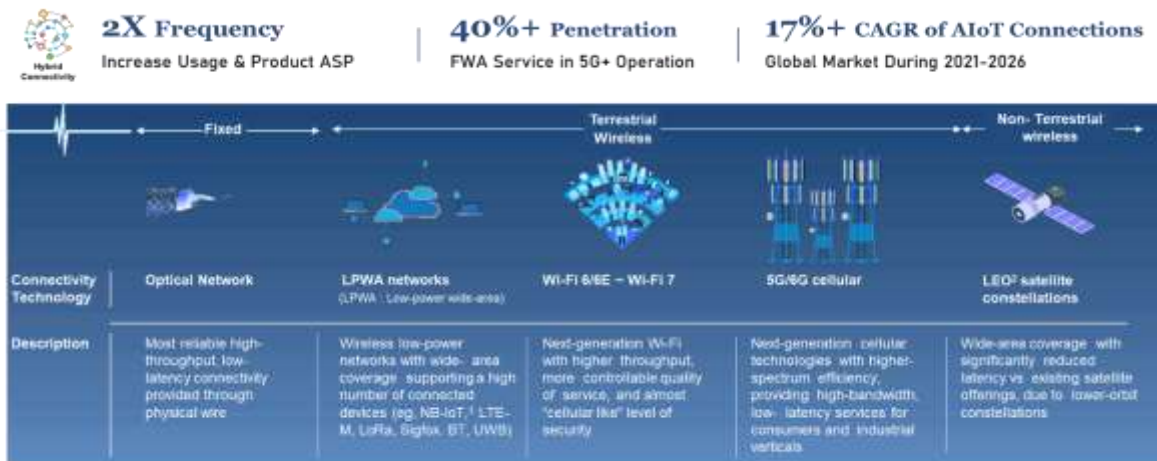
Looking forward to the next three years, the layout of AI-related industries has been launched to lock in the comprehensive development of a trustworthy and sustainable AI-related peripheral application ecosystem. According to Gartner forecasts, the global semiconductor market revenue will return to healthy cyclical growth from 2024 to 2025, with annual increases of 16.8% and 15.5% respectively. This is due to the continuous expansion of technology, which has enhanced capabilities in high-speed transmission, HPC high-speed computing and wireless mobile network connections. This will launch a huge AI technology ecosystem and connect the needs of various application fields, including wireless and wired communications, automotive electronics and electric vehicles, as well as the upgrading and development of industrial terminal devices and equipment such as mobile and terminal equipment. Therefore, it is predicted that the global quartz component market will drive a new wave of high demand from 2024 to 2025, and maintain continuous growth of approximately 8% to 13% per year. This shows the positive changes and growth opportunities this market will experience in the coming years.



As AI continues to develop, the real-time collection and processing of various data has become an important trend driving cloud, edge computing and multiple composite connections, further promoting unlimited freedom of movement and comprehensive AI

intelligence. Under this development, the functional requirements of equipment and devices in AI-related fields continue to increase to cope with the doubling of data transmission and computing speeds, which means that the upgraded design of processors, sensors, and quartz components has become crucial. The new generation of processors needs to have higher computing power to cope with complex AI models and real-time data processing requirements. Revolutionary improvements in sensors will help more accurately capture and transmit environmental information, which is critical for automation, smart control and safety. In addition, the upgrade of quartz components will help ensure stable timing and frequency control, which is critical for many highly synchronized applications, such as communications and high-speed computing.

Overall, with the development of AI technology, the upgraded design of equipment and components will continue to ensure that they can cope with changing and growing needs, and promote the continuous development of the field of wireless mobile freedom and comprehensive AI intelligence. This also provides new business opportunities and challenges for technology and manufacturing, which require continuous innovation and improvement to meet market needs.

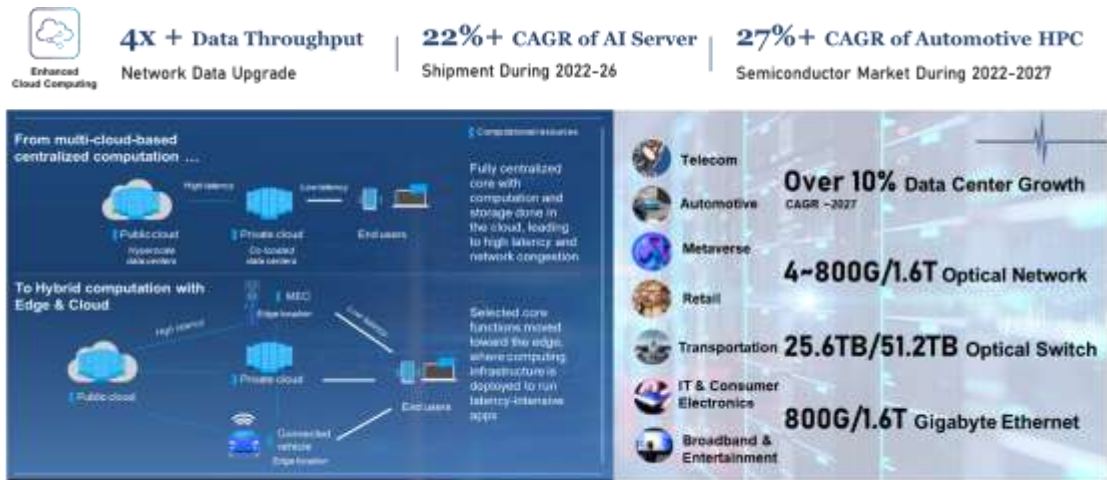


Source: McKinsey Analysis, 2023

To meet the ever-changing needs of connected devices, we see the development of various key technologies, including 5G+/6G future communications, low-power wireless networks (LPWA), low earth orbit satellites (LEO), etc., which aim to increase The coverage of the connection improves precise positioning and reduces latency while reducing energy consumption and increasing data transmission throughput and spectral efficiency. In addition, through the upgrade of HPC high-speed computing and transmission, including optical port network transmission devices (e.g. Optical Modules and SmartNICs, etc.), data processing speed can be continuously improved and processing time shortened. Coupled with the rapid development of AI technology, market research agency LightCounting predicts that the growth rate of the 400G/800G Optical Module market will reach 30% in 2024-2025.

The development of these key technologies and the upgrade of terminal devices and equipment in related key industries will continue to promote the development of the overall industry. This will not only increase the demand for high-end quartz crystals and crystal oscillator products, but will also prompt the market to continue to innovate and improve for these new technologies and applications. These trends demonstrate that the future of

technology and communications is full of potential, requiring continued investment and development to meet expanding connectivity needs.

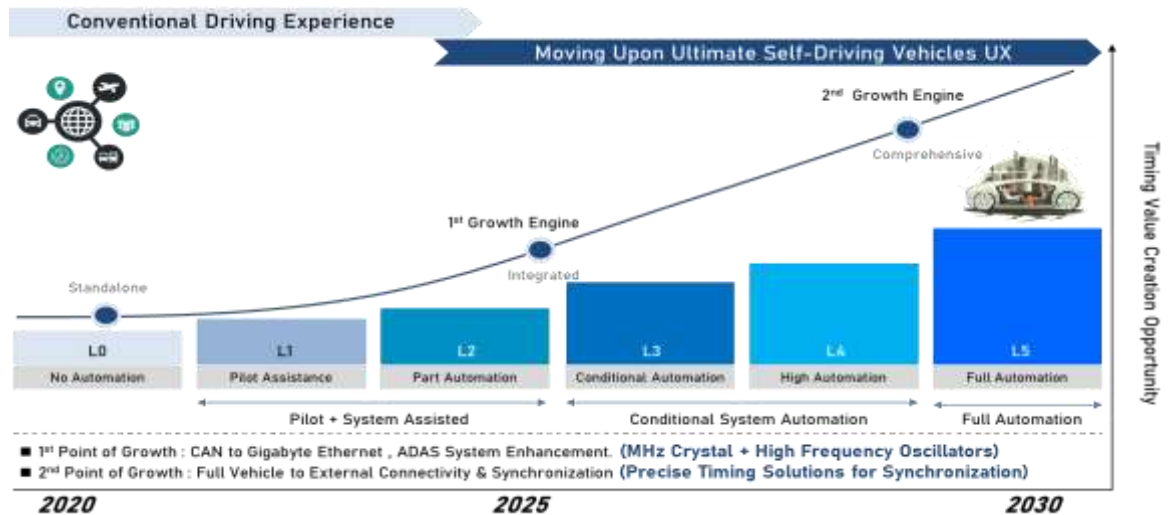


Source: TrendForce & Gartner, 2023

One of the key markets is the automotive electronics field. As the supply of automotive chips gradually improves, global automotive sales have also resumed growth. The trend of vehicle electrification and intelligence will become the main driving force of the future market. According to estimates by Marklines, the electric vehicle market will still maintain an annual growth rate of more than 25% by 2024, accounting for more than 20% of total vehicle sales. At the same time, driven by automobile intelligence, IDC also predicts that the compound annual growth rate of the ADAS market will reach 19.8% from 2024 to 2027.

From the perspective of the development process of the overall advanced assisted driving system, there are two key technologies that will drive the growth in demand for overall automotive quartz components. First, more sensors (including cameras, radar and lidar) will be paired with an upgrade to automotive high-speed Ethernet (CAN to GbE PHY), which will improve vehicle sensing and communication capabilities. Secondly, the popularity of high-performance computing (HPC) is also promoting the development of L2 to L4 autonomous driving in the field of automotive electronics.

In short, more and more new cars will be highly dependent on automotive electronic technology, which will steadily promote the growth of demand for automotive quartz components in the long term. This market will continue to prosper in the future, providing opportunities for the quartz component industry.



In 2024, the market strategy will be promoted towards the comprehensive development of miniaturization, high-end and car-grade product series. This will include continuing to promote relevant key accounts and identifying new business opportunities. High-end products will provide assistance in terms of demand and are expected to maintain high unit prices (high gross profits) to increase the proportion of operating indicators. At the same time, the mass production advantage of miniaturized products will help improve TXC's overall market competitiveness. These strategies are expected to strengthen the company's position in the market, drive performance growth, and provide additional opportunities to expand the business.



(4) Product development

(a) Miniaturization, SMD

With the popularity of AI technology, high-performance frequency components have become crucial because they are used to support high-speed computing and data processing. The company is committed to developing small, high-precision and high-stability frequency components to meet the high-performance needs of AI applications.

The goal of miniaturization will focus on single-chip IC, chip design and manufacturing, packaging and testing technology development; taking SMD type frequency components as an example, the current length and width dimensions have been matured and mass-produced from 3.0*2.5mm, 2.5*2.0mm, 2.0*1.6mm, and then developed to 1.6*1.2mm, 1.2*1.0mm, 1.0*0.8mm, and even developed smaller 0.8*0.6mm, and planned ultra-small 0.6*0.4mm, 0.4*0.3mm; in components The height has also changed from 1.2mm, 0.9mm, 0.8mm, 0.7mm, 0.5mm, to 0.35mm, 0.30mm, 0.25mm, and has even

moved towards <0.15mm technology. In addition to achieving size reduction through SMD packaging, it can also be connected in series with the industrial chain of downstream customers; including the technology development trend of front-end Chipset, the product design trend of brand customers and the SMT production of related customers, etc., all can be adapted.

(b) High frequency, low noise, high precision and high stability oscillator module

In the 5G+ field, high-frequency communications require higher-precision frequency components to ensure reliable connections and communication speeds. The company's technology development direction includes high-frequency, low-noise, high-precision and high-stability oscillator modules to meet the needs of 5G+ communication systems.

The basic network infrastructure communication system mainly consists of the access network, base station radio frequency unit (RRU or AAU) and small cell (Small Cell), fronthaul network, and base station base frequency unit (BBU or CU). /DU), Backhaul network, Core Network and other systems are composed and connected synchronously to support data transmission and calculation related to IDC (Internet Data Center) data center.

High frequency and low noise: Through the company's self-developed high-frequency fundamental wave crystal and etching technology (Photo Blank), a high-frequency (>200MHz) and ultra-low phase noise and jitter crystal oscillator (XO) and voltage are achieved Controlled crystal oscillator (VCXO) is developed to meet the requirements of 5G+ communication optical modules (Optical Modules), HPC transmission equipment/devices (Server, Switch, SmartNICs, etc.) and radio frequency systems.

High precision: Through the custom-developed dual-loop temperature compensation circuit and low-disturbance quartz crystal with customized temperature compensation algorithm, high-precision (+/- 100ppb) temperature compensation that meets high temperature (-40~105°C) is achieved The crystal oscillator (TCXO) has been developed and has been simultaneously planned for a higher precision (+/- 50ppb) version to fully meet the extensive needs of 5G+ AAU.

High stability: Through the special innovative patented embedded ceramic heater packaging technology, surface-mounted SC-cut crystal and customized temperature control circuit, the industry's first constant-temperature crystal oscillator (OCXO) is launched, and the product planning is ready Mass production capabilities and simultaneous planning and miniaturization development in response to micro base station or integration space constraints. Size planning from 14x9mm to 5.0x3.2mm has been fully introduced into the front-end Chipset for development to meet the synchronization system requirements of Network Infrastructure.

Based on the evolution of various high-speed transmission systems, the corresponding frequency components are moving in the direction of high frequency, modularization (coupled with miniaturization), high precision and high stability. Various oscillator modules are developed through the company's self-developed etching process wafer (Photo Blank), packaging, resonator and customized IC technologies, which is conducive to simplifying customer circuit design to meet the needs of 5G+, AI, HPC, automotive Performance requirements for industrial and other applications.

- (5) Niches competition, the advantages/disadvantages of the future development, and the response strategies.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. We will further develop the market and provide local services for the design and manufacturing of customers. 2. Professional manufacturing team, stable quality and mass production cost advantage. 3. High precision and miniaturized products continue to be developed and introduced into mass production, constantly narrowing the technical distance with Japanese manufacturers. 4. Professional marketing and application engineering team to meet the needs of customers, and provide technical support for the design and mass production process of various products. 	<ol style="list-style-type: none"> 1. It is necessary to continue to improve the mass production yield of ultra-miniature products and improve the NPI process connection of new products. 2. Optimize the multi-frequency development of the photo die front-end process and accelerate the mass production schedule of existing designs. 3. The equipment and key raw materials have a long lead time in delivery, so it is difficult to meet the sudden demand of the market. 4. The roadmap planning schedule for high-end quartz crystal oscillator products needs to be accelerated to meet higher-standard market demands.
Opportunities	Threatness
<ol style="list-style-type: none"> 1. Deeply cultivate technology leaders in various industries in China, and the brand customer management strategy drives TXC's stable production capacity. 2. The automotive electronics supply chain and the design centers of major Chipset manufacturers have gradually moved to mainland China, which has the same competitive advantage 3. 5G+, AI, and HPC applications drive miniaturization, high frequency, and wide-temperature applications, coupled with the increase in Oscillator usage, both increasing product average prices and profits. 4. High-end, high-precision, high-stability products and market deployment have become more complete, and seeking niche markets and products continues to become a stable source of profit for the company. 5. TXC increases opportunities for importing materials based on the advantages of deeply cultivating China. 	<ol style="list-style-type: none"> 1. Japanese manufacturers have a relative brand advantage, and they control raw material production and technical capabilities, and have a comparative advantage in cost structure. 2. Alternative competitive products threaten some low-level applications and put pressure on the quotation of current products. 3. The demand for miniaturized products is highly concentrated in a single customer and the proportion of consumer electronics sales in the Chinese market is higher than that of peers, exacerbating the impact of demand fluctuations on revenue and profits. It is necessary to actively accelerate the expansion of 5G+, AI, HPC, automotive electronics, etc. Revenue share of niche/emerging market industries. 4. The competition between China and the United States has led to end customers gradually proposing third-country production (NT&NC), increasing the complexity of the overall supply chain and potential investment and operating costs. 5. The United States plans to further block electric vehicles in mainland China. We need to pay close attention to the development of the situation and its impact on the electric vehicle market.

	6. China's economy continues to be weak after the epidemic. With economic development slowing down, we will continue to pay attention to subsequent changes in demand.
Respond Strategies	
<ol style="list-style-type: none"> 1. Strengthen the foreign marketing team, target 5G+, AI, HPC and Automotive, and actively develop Europe, the United States, Japan, South Korea, etc. tier 1 and IDH (IC Design House) customers. 2. Provide products with three highs and one low (high frequency/high precision/high temperature/low phase noise and jitter) for key industry-related applications/customers, and continue to optimize product design specifications and process control to meet customer needs. 3. Cooperate with China's localization policy, actively complete the introduction of relevant domestic solutions to Design House, and pay close attention to the trends of Chinese competition peers. 4. Strengthen efforts to develop new products, new markets, and new customers, and adjust strategies and resources immediately. 5. Real-time and close confirmation of client needs to facilitate flexible deployment, and continue to pay attention to the development of alternative products. 6. Strengthen the engineering and technical capabilities of each factory and accelerate the promotion of smart production. 7. Continue to recruit domestic and foreign talents with R&D expertise to strengthen the company's product R&D capabilities and focus on shortening the time to market. 8. Actively explore strategic alliances and cooperation opportunities to create products with competitive advantages, while continuously streamlining the cost structure to increase profitability. 	

II Major products' important applications and their manufacturing process

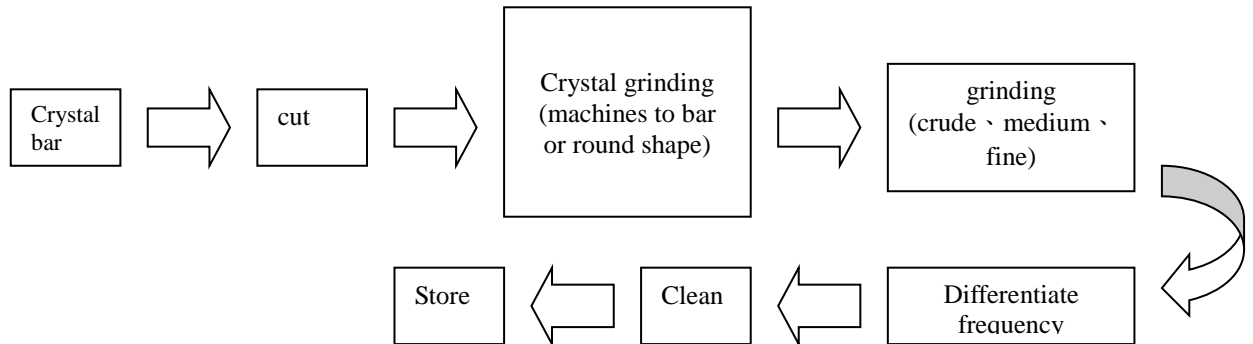
(1) Major products' important applications

Product		Major Application
Crystal Units		Wired/Wireless, Module, Smart phone/Future phone, Bluetooth, Telephone terminal, Automotive, STB, NB/DT, Wearable, AR/VR, Game Console, Storage, Medical equipment, UWB, IoT
Crystal Oscillators	CXO、SO	Base station, Wired/Wireless, Fiber optics communication, Mining machine, Telphony terminal equipments, NB/DT, Server, storage device, Game Console, Automotive
	VC-TCXO、TCXO	Smart phone/Future phone, Base Station, Satellite Communication, Wired/Wireless, Bluetooth, GPS/GNSS, Fiber optics communication, Automotive, Wearable, AI Server
	VCXO、VCSO	Base Station, Satellite Communication, Wired/Wireless, Fiber Optics Communication, Phony terminal equipment、Counter/Synthesizer
	OCXO	Base Station, Satellite Communication, GPS/GNSS, Wired/Wireless, Fiber Optics Communication
Tuning Fork		Smart phone/Future phone, Smart Home, Wireless Networking, NB/DT, Automotive, Wearable

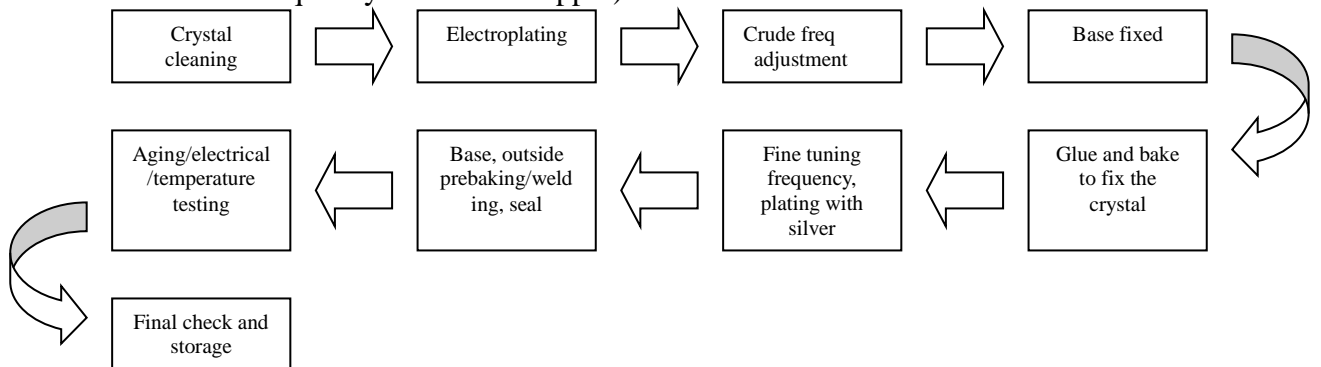
(2) Manufacturing Process

Steps for crystal components manufacturing are: first we need to manufacture the quartz crystal needed for the electrical material. It involves the cutting, polish, cleaning of the wafer form. Then with the mechanical arms to place the wafer on the base and fixed with the silver based glue. Then package it under vacuum. For oscillators it is necessary to add one more unit of oscillating circuit IC with golden line conduction via amplified output of crystal chip oscillation. It requires more IC placement and wire bonding process compared to the quartz crystal.

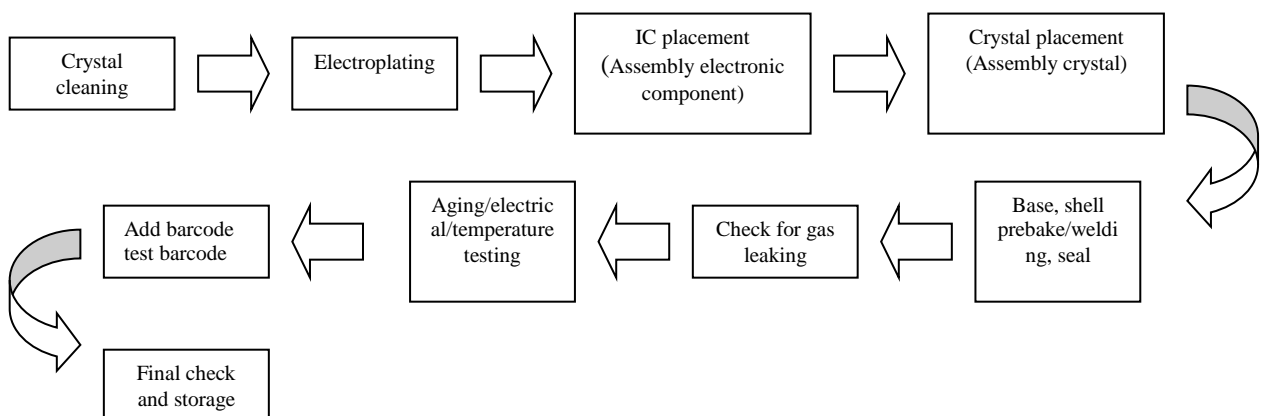
i. Pre-manufacturing process – quartz crystal.



ii. Post-manufacturing process – quartz crystal (use silver, gold, nickel for electroplating, and the process would reduce crystal frequency. Fine tuning the electroplating that would reduce frequency error to 3~10ppm)



iii. Post manufacturing process – crystal oscillator (use silver, gold, nickel for electroplating, and the process would reduce crystal frequency.)



III. State of the major materials suppliers

The major materials for crystal units and crystal oscillators include the base, wire bond, IC package, crystal slice and crystal bars.

- (1) All the materials come from the at least two suppliers, and this would minimize the risk of all materials coming from a single supplier. Our company's procurement depends on the buying terms, state of supply, and specifications; before the materials to be ordered. And, it also depends on some special conditions that we would adjust the ratio of buying materials and this approach would help us not too concentrated the ordering from a single supplier, or running the risks of the orders being interrupted.
- (2) All the suppliers have long term relationship with us. And, our friendship is good. With our company is growing strongly, these suppliers would also take highest priority to satisfy our company needs ° Annually, we also meet with our suppliers on regular or irregular base to review our purchasing terms and any room for the improvement. This also helps a stable and continuous relationship in the materials supply.
- (3) In considering the steady material supply, our company will provide the Rolling Forecast ' to the suppliers and the production preparations. This can shorten the delivery time and an assurance of on time delivery. If there is any unusual situation, these suppliers will accommodate our needs to assure a stable supply.

IV. The suppliers and customers over than 10% of the past two years

(I) Main Suppliers

Unit : NT\$1,000

2022				2023			
Company	Amount	Percentage of annual procurement (%)	Relationship with TXC	Company	Amount	Percentage of annual procurement (%)	Relationship with TXC
K Company	897,194	16.60%	None	K Company	955,877	25.25%	None
R Company	651,352	12.05%	None	R Company	512,980	13.55%	None
				T Company	399,143	10.55%	None
Others	3,856,219	71.35%	None	Others	1,916,928	50.65%	None
Total	5,404,765	100.00%		Total	3,784,928	100.00%	

(II) Main Customers

Unit : NT\$1,000

2022				2023			
Company	Amount	Percentage of annual sales (%)	Relationship with TXC	Company	Amount	Percentage of annual sales (%)	Relationship with TXC
F Group	2,502,897	19.00%	None	F Group	2,101,830	19.37%	None
Others	10,666,791	81.00%	None	Others	8,748,572	80.63%	None
Total	13,169,688	100.00%		Total	10,850,402	100.00%	

(III) Reasons for the increase or decrease

A. Purchase

The company's main products are quartz series products (crystal units, crystal oscillators). Its main procurement items in the last two years include IC, bases, wafers, covers, precious metals and other raw materials. Imported from abroad, due to the improvement of self-manufacturing ability and manufacturing process, in recent years, the chips have been gradually transferred to self-manufactured or supplied by mainland factories; in addition, due to the continuous growth of market demand, most of the products sold are self-made from various production bases, and the insufficient quantity is supplied to foreign products. The company has been in contact with various suppliers for many years, and the relationship is good. The relevant guarantee clauses have been specified in the purchase contract for important raw materials, and the materials should be supplied by more than two suppliers as far as possible. There should be no supply interruption or excessive supply. Concentration risk, there is no significant change in substance.

B. Sales

The company's main products are quartz series products (crystal units, crystal oscillators) and sensors, and its sales targets are mainly downstream application manufacturers such as information, communications, Netcom, and consumer products. Due to changes in the industrial environment, 5G+ drives the increase in demand for terminal

application products. With the addition of new products and capacity expansion, sales and revenue increase. The company's main customers are all major international manufacturers. In the future, it looks forward to automotive, Internet of Things, and communications. And 5G+, AI related application products continue to grow, so there is no excessive concentration of sales and risks.

V. Production and monetary values for the past two years

Unit: 1000 PCS/NT\$1000

Year Major products\	2022			2023		
	Capacity	Production	Value	Capacity	Production	Value
Crystal Product	3,940,000	4,783,831	11,329,839	4,500,000	4,179,714	10,818,695
Others	-	-	-	-	-	-
Total	3,940,000	4,783,831	11,329,839	4,500,000	4,179,714	10,818,695

VI. Volumes of sales and monetary values of the past two years

Unit: 1000 PCS/NT\$1000

Year Major products\	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Crystal Products	182,227	674,517	4,950,253	12,429,484	104,418	358,108	3,707,608	10,469,390
Others (Property Sales)	-	-	-	65,687	-	-	-	22,904
Total	182,227	674,517	4,950,253	12,495,171	104,418	358,108	3,707,608	10,492,294

III Employees' average years in service, age, and educational background distribution

Year		2022	2023	2024/03/11
Total Number Employees	Engineer	801	829	841
	Administrative	640	638	649
	Sale	127	136	135
	Technicians/Operators	1,780	1,821	1,845
	Total	3,348	3,424	3,470
Average Age		34.96	34.94	34.91
Average Years in Service		7.28	7.53	7.44
Distribution of Educational Background	Ph.D.	0.54%	0.53%	0.52%
	M.S.	6.06%	5.78%	5.76%
	B.S.	45.91%	48.22%	47.75%
	High School	27.84%	24.53%	24.61%
	Below High School	19.65%	20.94%	21.36%

IV Data on our environmental protection expense

(I) Description of environmental punishment

Pingzhen plant, Ningbo plant and Chongqing plant of the company have no relevant environmental penalty issues.

(II) Description of the application, payment or establishment of a pollution facility establishment permit or pollution discharge permit or a pollution prevention and control fee or a person of a special unit for environmental protection that is required by law

- (1) Pingzhen factory is responsible for the production of chips and quartz components. According to the regulations, it has applied to the local competent authority for relevant license documents for waste, waste water and fixed pollution sources generated in the production process, and set up relevant environmental protection personnel to operate and maintain according to the requirements of the license documents, so as to maintain the effective operation of relevant treatment facilities. We continue to active follow-up Promote energy-saving work, conduct investigations and identification of energy use efficiency of large energy consumers such as lighting, ice water mainframes, motors, air compressors, and water pumps, so as to implement energy-saving improvement measures, and hope that we can continue to do another distraction to reduce environmental impact. The total amount of expenditure in 2023 was about NT\$ 18 million. The main purpose was the improvement of energy-saving measures, air pollution fees, environmental clean-up, work environment testing, operation and maintenance of pollution prevention equipment, and protective gear.
- (2) Ningbo plant continues to maintain the largest production capacity of quartz components in the world. In the process of production and operation, it pays special attention to environmental governance and social contribution, so as to actively respond to the requirements of the newly implemented "environmental protection law", strictly abide by the bottom line and meet and exceed the requirements of local environmental protection law enforcement. A total of approximately RMB 868,000 will be spent on environmental protection in 2023, which will be mainly used for maintenance, upgrading and various testing of pollution prevention and control equipment. Mainly includes wastewater station repair, exhaust gas treatment system maintenance and consumable replacement. The digital upgrade of the wastewater station is carried out in order to pursue 100% discharge standards and strengthen the process detection and early warning capabilities of the wastewater station based on the principle of visual control and traceability of the entire process. Wastewater reuse transformation will be completed by December 2023, and the pure water from the cleaning machine in the finished product workshop will be reused to the raw water in the pure water machine room. The recovered hot water is cooled and used as cooling tower water replenishment. Steam condensate water recycling, etc. It can reduce tap water consumption by about 17,000 tons throughout the year. In 2023, the Ningbo plant invested a total of approximately RMB 514,000 in hazardous waste for legal disposal.

- (3) Chongqing plant has smooth operation of environmental protection facilities, stable product quality, and good operation status of all equipment. In order to meet the "environmental protection law" and local environmental protection requirements, and ensure the hardware requirements of operation, maintenance and management of environmental protection facilities, a total of RMB 983,000 was spent on environmental governance in 2023, to complete the optimization and maintenance of the prevention and treatment equipment of environmental protection facilities, including operation and maintenance of various wastewater and gas treatment facilities, detection and replacement of various environmental monitoring instruments and various inspections, replacement of waste exhaust Raschig rings and internal and external cleaning of strip washing towers, environmental testing, replacement of fillers in primary sedimentation tanks of wastewater stations, and legal waste management Disposal, etc.; optimized and upgraded the canteen oil fume purifier and smoke exhaust pipe, successfully passed the third environmental monitoring, and reported to the Ecological Environment Bureau in a timely manner; proactively promoted environmental credit evaluation, and obtained the honorary title of good environmental protection enterprise; proactive Promote national-level green factory evaluation, successfully pass expert review and acceptance, and obtain national-level green factory certification and approval; rely on self-monitoring and regular testing data from third parties to optimize, maintain and adjust the operation of each treatment facility to achieve 100% emission standards. . In November 2023, it successfully passed the environmental monitoring of local third parties and was registered and reviewed for the national pollution discharge permit in accordance with the law. Proactively study feasibility projects for energy conservation and carbon reduction, hoping to reduce the impact on the environment.
- (4) TETC CORP. NINGBO is under construction, and its production and operations are all leased in the Ningbo factory. Environmental governance and social contribution are implemented in accordance with the plan formulated by the Ningbo factory.

(III) The implementation of safety and health

"Zero-job safety" is the company's long-term pursuit of the goal. The care of employees is also the responsibility of the company. In addition to complying with relevant domestic laws and regulations, an ISO45001 occupational safety and health management system has been established in all factories and has passed certification. The specific measures are as follows:

(1) Strengthen personnel safety awareness

Continue to promote safety culture and use visual management to set up safety culture corridors and slogans in the factory area, and report cases of occupational accidents inside the factory, cases of major occupational accidents outside the factory and relevant laws and regulations through digital and physical bulletin boards. In this way, the information of occupational safety and health is continuously passed on to the employees. For occupational safety and health-related training, new recruits and personnel at all levels are also educated and trained in accordance with relevant laws and regulations, in order to improve employees' hazard awareness, abide by and implement standard operating procedures, and enhance personnel safety awareness.

(2) Construct a safe working environment

Before purchasing facilities, machines, and equipment, review safety-related designs in accordance with relevant laws and management regulations, and take possible hazards and

human factors into consideration. After entering the factory, facilities, machines, and equipment must comply with safety regulations. It can be operated and used to ensure the safety of employees; for the job site, after hazard identification and risk assessment are carried out, the best feasible methods and technologies are used to carry out hazard prevention and risk control. And continue to simplify the operation process and screen high-hazard and high-risk hazard factors through electronic and hierarchical management methods, and implement source management to make the chemical and contractor management procedures more perfect.

(3) Implement emergency response system

In order to prevent disasters from having a major impact on operations, in addition to continuous script drills and personnel training, as well as the purchase of appropriate emergency supplies, we also regularly review the safety monitoring and abnormal alarm systems of the factory area, so as to establish the accident prevention ability and response of the factory personnel ability, to continuously strengthen the operation of the emergency organization in the factory area, so as to minimize disaster losses and casualties.

(4) Improve medical and preventive health care

Through professional nursing staff planning and handling employee health checks, flu vaccinations, physical fitness activities, muscle-building and fat-reducing activities, and providing lectures on promoting physical and mental health, we will continue to create a healthy workplace; for shifts, night work, For high-risk employees who may cause diseases due to abnormal workload such as long hours of work, on-site service doctors and health care personnel provide interview guidance and health management measures to prevent employees from suffering from cerebrovascular diseases due to overwork, and to achieve early detection, The purpose of early treatment is to ensure the physical and mental health of the relevant employees.

In response to COVID-19's impact on the health and safety of factory personnel, in addition to regular monitoring, evaluation and consultation by the occupational safety unit, employees are also continuously encouraged to get vaccinated to enhance their own protection, and rapid screening is conducted for high-risk groups in a timely manner. Ensure the health and safety of all personnel in the factory.

(5) Continuous monitoring, auditing and improvement

In addition to regular measurement of the working environment in accordance with relevant laws and regulations, the safe operation of the factory area also conducts daily inspections, high-risk operation inspections, and supervisor inspections; for accidents that occur in the factory area, investigations, improvements, and reporting to the competent authority are also completed in accordance with relevant regulations. Issues and proposals related to occupational safety are reviewed and discussed through the Occupational Safety and Health Committee. In addition, it accepts relevant audits from domestic and foreign third-party verification units or customers from time to time, so as to continuously improve and enhance the operation of occupational safety and health in the factory area.

(IV) Description of hazardous substance management system

In order to move towards green products, TXC Corporation's products strictly prohibit the use of controlled substances in raw materials, materials, processes, equipment and other business activities, so that the

product design, manufacturing and shipment can comply with the requirement standards of no use, no mixing, and no contamination., thereby reducing the impact of products and services on the environment, and actively taking relevant response measures as follows:

1. Comply with international and domestic hazardous substances laws and regulations, such as: EU RoHS 2.0 [Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive (EU) 2015/863], EU WEEE [Waste Electrical and Electronic Equipment Directive (2012/19/EU)] , EU REACH [Chemical Registration, Evaluation, Authorization and Restriction Directive (EC) No. 1907/2006], etc., ELV [Waste Vehicle Directive (2005/24/EC)], etc., as well as the green product requirements of key customers, including: Meet the halogen-free regulations, and follow the most stringent requirements in TXC EMS011 (HSM011) "Environmental Management Substance Management Specifications".
2. In addition to obtaining the IECQ QC 080000 Hazardous Substances Process Management System certification and maintaining the validity of the certificate, it also continues to pass the Green Partner certification of the international major manufacturer SONY.
3. In order to meet the design goals of green products, use green procurement as the basis for continuing to provide green products, and through publicity, training and communication, require the products provided by suppliers to comply with TXC EMS011 (HSM011) "Environmental Management Substance Management Specifications" , at the same time, suppliers are encouraged to introduce the IECQ QC 080000 hazardous substances process management system in addition to the basic ISO 9001 quality system to implement the implementation of green supply chain.
4. Based on the belief of protecting the earth and benefiting the next generation, as well as the corporate responsibility of jointly maintaining the overall ecological environment, the company shoulders the mission of contributing to society and comprehensively and actively promotes environmental management activities with a prudent attitude. TXC Corporation's no-hazardous substance policy and commitment are as follows:

TXC Corporation's No Hazardous Substance Policy and Commitment	
(1)	Be the best green product partner of customers according to the most stringent relevant regulations or customer requirements.
(2)	Confirm organizational operations and provide resources, promote environmental education, and strengthen the environmental awareness and goals of all employees and supply partners.
(3)	Design green products, paying attention to products and production processes without harmful substances.
(4)	Continuously improve through company-related activities to achieve the company's goal of sustainable operation.

5. Through the above procedures and policy requirements, the company has set the following hazardous substances management goals, and the achievement performance in 2023 will be 100%.

No.	Item	2023	
		Target	Results
1	Number of returned items due to non-compliance with GP requirements	0	0
2	The number of abnormal cases of hazardous substances in the factory	0	0
3	The number of finished products that do not comply with GP for hazardous substance testing	0	0

(V) Other supplementary briefing

In order to strengthen the fulfillment of corporate social responsibility, TXC Corporation's is regularly audited to ensure that the code of conduct and procedures in labor, health and safety, environment, ethics and management systems are consistent with the "RBA Responsible Business Alliance Code of Conduct". In addition, the 2023 "Greenhouse Gas Inventory Report" is based on the new version of ISO 14064-1: 2018 Greenhouse Gas Inventory Standard, and complete and reliable information will be disclosed in the sustainability report. Corporate social welfare activities in 2023 please refer to the company's website for details.

In the future, we will continue to promote various environmental, safety and health-related activities in the factory to ensure the safety and sanitation of the working environment and maximize the safety of colleagues. The company's detailed information on the promotion and tracking of environmental protection is posted on the company's website.

V Labor Relations

(I) Employee welfare measures

1、Employee welfare

People-oriented, treating employees well, and creating a happy corporate culture: Taiwan Crystal Technology adheres to the principle of complying with labor laws and is committed to promoting labor rights, upholds an attitude of non-discrimination and respect for employees, and shares the company's achievements through a reasonable salary and reward welfare system and an improved talent cultivation mechanism. Establish the self-worth of colleagues, take into account the balance between work and life, and identify and work together towards the company's vision.

(1) Profit sharing, creating a win-win situation

TXC Corporation adheres to the concept of profit sharing with employees to attract outstanding talents, motivate and retain existing employees. Therefore, in terms of starting salary, salary classification, bonuses and employee remuneration, it not only follows the provisions of Taiwan's labor laws, but also observes the labor market and average salary levels. It is also higher than peers. Its evaluation mainly considers academic qualifications, work experience, professional skills, job responsibilities, and future development and work performance, without regard to race, class, language, religion, politics, nationality, gender, age, marriage or union status. and other factors, and there is any differential or discriminatory treatment, in addition to the basic monthly salary, we provide Spring Festival bonus, Autumn Festival bonus, employee remuneration, performance bonus, project bonus, patent bonus, outstanding contribution bonus, outstanding employee bonus... and other incentive programs . The company has also set up an "employee stock ownership trust" to provide relatively allocated bonuses to assist employees in long-term investment, financial management and retirement planning.

(2) Taking care of every important moment of employees

In addition to adding labor insurance and national health insurance to employees in accordance with the law, we also plan group comprehensive insurance to provide life insurance, critical illness insurance, accidental injury insurance, accidental medical treatment, hospitalization, and occupational disaster insurance, and safety insurance protection for overseas business trips. To take care of employees' families and lives, we have specially formulated the "Employee Child Care Subsidy Measures" to provide child care subsidies for children aged 0 to 5 years old. Those who meet the qualifications can receive a child care subsidy of at least NT\$180,000 per child to reduce the financial burden of employees' child care. , and responds to the government's countermeasure plan for the development of children. TXC_Foundation provides scholarships for employees' children. The company also provides wedding bonuses, maternity gifts, hospitalization condolences, white condolence payments, and emergency subsidies to help those who are in emergencies or are unable to afford it due to work and business related issues. Colleagues, provide timely assistance and help them tide over the difficulties.

In line with the concept of a happy enterprise and caring for retired colleagues, the OB Association was established in 2013, with the hope that one day one can be a member of TXC Corporation and receive care and support from TXC Corporation after retirement. At least two events are held regularly every year to promote emotional exchanges and information sharing, so that retired colleagues can continue to retire, explore the talents of members, and combine the resources of TXC_Foundation and volunteer clubs to invest in community senior activities and charity promotions; At the same time, we care about the lives and health of members, provide timely referral resource services and condolence payments, and practice social responsibility.

(3) Flexible work and happy holidays

Various types of leave are granted in accordance with the Labor Standards Act. If employees need a longer leave due to childcare, military service, serious injuries, etc., they can apply for leave without pay, and then apply for reinstatement after the period expires. Promote make-up days without having to work, flexible commuting, paid typhoon leave, charity volunteer leave, exclusive birthday leave, and summer vacation, so that colleagues can fully rest, take into account family and life, and build employees' leisure life and interests.

(4) Thoughtful environmental facilities

Through hardware facilities, employees can improve their care space and direct convenience to build a friendly working environment. The company has set up a fully healthy employee restaurant, which provides lunch and dinner subsidies for colleagues. It uses organic vegetables, domestic pork, olive oil and non-processed food to ensure the health of employees. It also has warm and comfortable staff dormitories, OK convenience stores, exclusive breastfeeding rooms for mothers, medical rooms, libraries, free coffee supply, free car/motorcycle parking lots, etc. to provide employees with the best experience. At the same time, employees are encouraged to establish exercise habits and provide complete sports and leisure spaces, including gyms, multi-functional sports halls, softball fields, billiard rooms, basketball courts, and badminton courts, so that employees can sweat to their heart's content.

(5) Multiple health promotion

Committed to creating a physically and mentally healthy workplace environment, providing a variety of health information, lectures, and activities, promoting the importance of preventive health care, and improving workers' health awareness and self-health management skills; for example: setting up an independent medical office space to provide work-related injury prevention, Health consultation and injury treatment; equipped with on-site occupational specialists and full-time nurses to provide professional consultation, medical advice and health education guidance; set up open blood pressure machines and body fat meters for personnel to use at any time to effectively grasp self-health monitoring information ; Provide all-employee health examinations and special health examinations that are better than regulations, and implement health management and abnormal tracking; special protection and guardianship, maternal health management in the workplace, and set up warm milk collection rooms for personnel to use with peace of mind; preventive management of cardiovascular diseases Diseases, musculoskeletal and other emerging occupational diseases, actual visits to the site to assess the hazards, feedback of health information and improvement suggestions. We also attach great importance to promoting

corporate health implementation and performance, actively cooperate with and participate in workplace health promotion activities promoted by health agencies, and obtain the Healthy Workplace Certification Health Promotion Label from the National Health Service of the Ministry of Health and Welfare.

(6) Establish an employee welfare committee

The company has established an "Employee Welfare Committee" to plan and promote a variety of activities based on the concept of "work/life balance" to allow employees to relieve physical and mental stress, thereby improving work efficiency and creating a physically and mentally healthy workplace. Plan various employee activities, such as: annual party, parent-child family day, employee sports meeting and other large-scale fun activities; domestic and foreign employee travel subsidies to allow employees to recharge their batteries; holiday activities and gifts, special store discounts, and good health benefits There is no end to it, and we actively encourage employees to establish exercise habits, regularly organize various sports events, and provide diverse and rich club life such as baking club, softball club, basketball club, badminton club, walking club, table tennis club, volunteer club, etc. to encourage employees Through club activities, we combine enthusiasts with similar interests to help employees strike a balance between work and life.

2、Employee education and training

- i. The Company provides employees a multiple learning environment. Colleagues can continually challenge their growth limit through internal / external training, OJT, KM (knowledge management system), reading clubs, online / physical library, and supervisor / peer instruction. At the same time, through the new employees / professional technology / supervisor coaching / general knowledge course / self-development education and training system to bring maximum satisfaction for employees! On the other hand, through planning of job category / job level, work rotation, project allocation and overseas assignments to integrate their lives with their careers and enable them enjoy the happiness of growth in knowledge and skills and develop a bright future.
- ii. The Company has established "Education and Training Guidelines", "Mandatory Occupational Course Guidelines", and "Employee Promotion and Reassignment Guidelines" to plan related training courses in accordance with occupational and professional requirements in order to improve employee knowledge and skills, overall quality of employees and operation performance. Related education and training performance in 2023 is listed in the table below:

Factory	No. of Class	No. of Sessions	No of Trainees	No. of Hours	Expense(NT\$)
PCF	147	245	5,010	9,750	1,134,665
NGB	405	405	39,222	47,836	4,285,260
CKG	56	75	7,379	25,350	801,677
TETC	145	145	10,069	21,387	866,746
Total	753	870	61,680	104,323	7,088,348

3、Pension System Implementation

TXC's employee retirement measures are fixed according to labor standard laws; in accordance with period legal reminders, reserve 9% of monthly salary for retirement preparatory funds are paid into the Bank of Taiwan, and an Occupational Retirement Preparatory Fund Supervisory Committee is then responsible for managing and using the retirement fund. Starting July 1st, 2005, in accordance with labor retirement fund regulations, reserve 6% of monthly salary for monthly retirement payments are transferred into special individual retirement accounts established by the department of labor; A separate appointed agent retirement fund was established in January 2007, reserve 8% of monthly salary for employee pension to ensure that retirement plans are managed professionally.

4、Labor-management agreement and implementation status

TXC Corporation values colleagues' opinions and feelings on organizational development or various operations, and fully provides smooth and diverse communication channels or grievance mechanisms. In addition to handling labor-management meetings in accordance with the law, the company also holds annual employee opinion surveys, employee symposiums, and monthly meetings for foreign personnel, and has set up multiple communication channels such as employee suggestion boxes, WeCom, and E-mail to provide smooth communication channels for the company. The direction and opinions of employees can be fully communicated and used

as a basis for improving and providing better working environment and conditions.

5、 Protection measures for the working environment and personal safety of employees

In order to protect the work safety of employees and protect the working environment and personal safety of employees, in addition to setting up an "Occupational Safety and Health Committee" and holding regular committee meetings to review the effectiveness of business development and occupational safety and health matters, various management measures have also been formulated. All colleagues are required to implement it thoroughly; in addition to purchasing group insurance every year, the company also regularly holds occupational safety and health lectures, sends people to participate in relevant occupational safety and health courses, and formulates the "TXC Emergency Response Plan" and "Environmental Safety and Health Management Manual" ", etc., in order to protect the life safety of our colleagues and calmly respond to emergencies. For relevant content, please refer to our company's website. In order to achieve the goal of zero disaster, the company regularly reviews and revise the annual emergency response plan and environmental, safety and health management manual, and then formulates detailed implementation operations based on the plan content, which are implemented by relevant units according to the plan schedule and content, and through The audit system identifies deficiencies in implementation, formulates emergency response plans and environmental, safety and health management manuals for the next year, and conducts review and corrections at any time based on the implementation process and audit operations to reduce the hazard risks of the business unit and achieve the goal of zero disasters.

Environmental, Safety and Health Policy

During the R&D, manufacturing, testing, and sales processes, TXC Corporation must comply with regulations and comply with other relevant requirements to prevent occupational disasters and continuously improve the operation of the management system to align with international standards. In line with our corporate responsibility to protect our employees and care for the earth, we promise to:

- Ensuring employee safety and health is the primary responsibility and obligation of managers at all levels of the company
 - Protect all plant personnel by preventing work-related injuries, ill-health, illness and accidents
 - Comply with laws and regulations, reduce the impact of environmental pollution, and develop standard operating procedures and methods
 - Communicate policies and provide necessary education and training to employees, suppliers, customers, contractors, and stakeholder groups to ensure that they have environmental safety and health awareness and correct behavior
 - Continuously improve management system operations and improve performance
 - Produce green products, promote waste reduction campaigns, and continue to organize and organize to create a safe and hygienic environment
 - The company promises to use the most advanced international and domestic environmental safety and health standards as the basis for self-improvement

(II) The losses suffered in the recent years due to labor disputes, and the estimated current and future estimated amounts and corresponding measures: The company's labor relations have been harmonious since its establishment. In the most recent year and as of the publication date of the annual report, there have been no losses due to labor disputes, and no major labor disputes have occurred since its establishment.

(III) Either there is a defined employee behavior or ethical code
The company has set a second edition of the "TXC Code of Conduct" in both Chinese and English to regulate the behavioral ethics of all subordinates of the company.

(IV) Fulfillment of social responsibility

There company's corporate social responsibility has always including three aspects: corporate philanthropy, corporate governance and environmental safety & health. In the future, related resources from external units that have been cooperating over a long period with our company will be fully integrated. This combined with the high level of enthusiasm and caring shown by our volunteer employees and the newly established charity and compassion foundation will show our commitment to displaying a spirit of 'giving back to society', making maximum use of limited resources and encouraging the joint participation of neighboring communities and companies. By making a greater impact with our philanthropic activities, TXC will set out a path for sustainable operations and expand the reach of our philanthropy. For the implementation of sustainable development, please refer to the company's website and sustainability report.

VI Information and Communication Security Management

(I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

1. Information Security Management Organizational Structure

The company has established an information security committee to promote information security management. The general manager serves as the chairman, the information security chief (and convener) is concurrently held by the top director of the management center, the deputy convener is concurrently held by the top director of the Netcom Information Office, and the convening committee is held by each center. The supervisor is concurrently held, and a review meeting is held at least once a year. In addition, depending on business needs or major changes, when there is a risk of affecting information security, a meeting may be held from time to time. In addition, in order to implement information security management, the Information Security Executive Team under the Information Security Committee is responsible for the implementation and control of various information security operations, as well as information security incident handling and emergency response. The information security audit team is responsible for conducting information security internal audit and tracking at least once a year according to the information security internal audit plan.

2. Information Security Policy

"In order to ensure the safe use of internal information, TXC Corporation avoids improper disclosure of information and enables the continuous operation of various business information operations, maintain the effectiveness of internal management systems, and strengthen the confidence and satisfaction of customers and suppliers etc. related parties."

3. Information Security Specific management plan

In order to maintain the confidentiality, integrity and availability of the company's information assets, through the joint efforts of all colleagues to achieve the following goals:

- (1) Protect information about the company's business activities from unauthorized access, modification and improper disclosure.
- (2) Protect the correctness of the company's important business information processing.
- (3) Maintain the high availability of the company's information operations.
- (4) Handle information security education and training, and communicate information security-related publicity in supervisory meetings to promote employees' awareness of information security and strengthen their awareness of related responsibilities.
- (5) Implement information security internal audit system to ensure the implementation of information security management

In order to ensure the achievement of information security goals and objectives, the effectiveness of the evaluation will be monitored at ordinary times. The situation should be notified and corrective measures should be taken when any suspected non-compliance event occurs, and the information security goal promotion situation should be reported to the information security management committee. Through information security education and training and promotion activities, and to convey information security-related publicity in the supervisor meeting, in order to promote employees' information security intentions and strengthen their awareness of related responsibilities.

4. Investment resources

- (1) Since the company introduced the ISO27001 information security management system in 2011, it has continued to pass regular third-party verification every year, and obtained the ISO/IEC 27001:2022 transition certification in September 2023, strengthening its effectiveness in information security management and control.
- (2) The company applies the Cyber-Defense Matrix architecture to plan the information security protection network, focusing on vulnerability scanning and analysis, anti-virus, IP management and network access control, email defense, and strengthening firewall construction and regional defense to avoid single points of failure. This caused the company-wide network failure. At the same time, in order to strengthen the internal network defense, introduce endpoint management and file encryption, and strengthen internal and external information security protection.
- (3) Introduce threat detection and response (MDR) in 2022, and continue to strengthen the necessity of firewalls, endpoint management, and email defense in each domain.
- (4) In response to the requirements of the Financial Supervisory Committee, one information security manager and one person will be appointed to be responsible for information security governance and overall management of information security-related businesses. At the same time, information security awareness was enhanced through information security e-newsletters (12 times in total) and factory-wide information security promotions (4 times in total).

(II) List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

1. Information monitoring, audit and enforcement results from the fourth quarter of 2022 to the third quarter of 2023 were reported to the board of directors on November 6, 2023.
2. The company has not had any major cyber attacks or other related information security incidents that impacted the company's operations in 2023.

VII Important Contracts

Company	Contractual Nature	Contract Party	Start Date-End Date	Main Content	Limitation Clause
TXC	Software licensing	ORACLE TAIWAN LLC, TAIWAN BRANCH (U.S.A.)	2002/09~ Permanent licensing	Oracle ERP R12.1.3	Licensing, transfer prohibited
	Software licensing	Flowring Technology Corp.	2002/09~ Permanent licensing	Signing flow Agentflow	Licensing, transfer prohibited
	Software licensing	ORACLE TAIWAN LLC, TAIWAN BRANCH (U.S.A.)	2011/04~ Permanent licensing	Oracle Agile PLM	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2011/08~ Permanent licensing	GUI/VAT Product licensing	Licensing, transfer prohibited
	Software licensing	ORACLE TAIWAN LLC, TAIWAN BRANCH (U.S.A.)	2013/12~ Permanent licensing	Oracle WebLogic & WebCenter Portal	Licensing, transfer prohibited
	Software licensing	Intumit Inc.	2014/10~ Permanent licensing	(SmartKMS 8)Knowledge Management System	Licensing, transfer prohibited
	Software licensing	SUNNET Technology Co.	2015/03~ Permanent licensing	Training Master (CTMS)	Licensing, transfer prohibited
	Software licensing	SUNNET Technology Co.	2015/03~ Permanent licensing	Power Master (CSAS)	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2019/11~ Permanent licensing	CiMes Software product licensing	Licensing, transfer prohibited
	Software licensing	FACET TECHNOLOGY INC.	2020/01~ Permanent licensing	EAP SECS Development Tools - Runtime License RMS Site Limited License	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2021/05~ Permanent licensing	Recruitment management system authorization	Licensing, transfer prohibited
	Software licensing	Ares International Corp.	2021/05~ Permanent licensing	Area-PP (Privacy Guard) authorization	Licensing, transfer prohibited
	Software licensing	M-Power Information Co., Ltd.	2022/03~ Permanent licensing	Group Consolidated Reporting System (GCRS)	Licensing, transfer prohibited
	Software licensing	M-Power Information Co., Ltd.	2022/03~ Permanent licensing	Financial Note Disclosure System (FNDS)	Licensing, transfer prohibited
	Software licensing	M-Power Information Co., Ltd.	2022/03~ Permanent licensing	Make Your Own Financial Statements (EZPI)	Licensing, transfer prohibited
	Software licensing	Galaxy Software Services Corporation (GSS)	2022/08~ Permanent licensing	Vitals ESP knowledge management enterprise cloud system suite (product) software	Licensing, transfer prohibited

TXC (NGB)	Software licensing	Hangzhou Jinmai Software Co., Ltd.	2010/07~ Permanent licensing	CAD Internet version software licensing	No transfer without consent
	Software licensing	Hangzhou Yinyang Information Co., Ltd.	2017/05~ Permanent licensing	Office2016 and WinPro Licensing	Licensing, transfer prohibited
	Software licensing	Yanwei Trading (Shanghai) Co., Ltd.	2017/12~ Permanent licensing	SolidWorks standard 2017 package	Licensing, transfer prohibited
	Software licensing	Guangzhou Saiyi Information Technology Co., Ltd.	2018/06/28~ Permanent licensing	Smart factory	Licensing, transfer prohibited
	Software licensing	Shanghai Chuangsheng Information Technology Co., Ltd.	2018/10~ Permanent licensing	UG10000-WISD and NX11110	Licensing, transfer prohibited
	Software licensing	Fansoft Software Co., Ltd.	2020/04~ Permanent licensing	Electronic Data Analysis System	Licensing, transfer prohibited
	Software licensing	Shanghai Fanwei Network Technology Co., Ltd.	2020/04~ Permanent licensing	Pan Micro OA	Licensing, transfer prohibited
	Software licensing	Aijia Software (Suzhou) Co., Ltd.	2020/12~ Permanent licensing	HCP System	Licensing, transfer prohibited
	Software licensing	Shanghai Jinge Information Technology Co., Ltd.	2021/03~ Permanent licensing	RFID application software	Licensing, transfer prohibited
	Software licensing	Shanghai Jiuwu Internet Technology Co., Ltd.	2021/08~ Permanent licensing	Zenon software system	Licensing, transfer prohibited
	Software licensing	Shanghai Jiuwu Internet Technology Co., Ltd.	2021/08~ Permanent licensing	DataStation System Software	Licensing, transfer prohibited
	Software licensing	Suzhou Guantong Automation Technology Co., Ltd.	2021/12~ Permanent licensing	Power balance automatic control project	Licensing, transfer prohibited
	Software licensing	Suzhou Guangshidai Electromechanical Equipment Co., Ltd.	2022/01~ Permanent licensing	Equipment material synchronization management software	Licensing, transfer prohibited
	Software licensing	Ningbo Sijie Information Technology Co., Ltd.	2022/05~2024/04	Access Control/Consumption Card System	Licensing, transfer prohibited
	Software licensing	Shanghai Jiuwu Internet Technology Co., Ltd.	2022/07~2024/06	IoT video platform software	Licensing, transfer prohibited
TXC (CKG)	Software licensing	Shanghai Hupu Information Technology Co., Ltd.	2014/08~ Permanent licensing	Intranet security management software	Licensing, transfer prohibited
TXC	Bank financing	China Trust Bank	2020/01/03~2025/01/03	Medium and long term loans	None
TXC (TETC)	Bank financing	AGRICULTURAL BANK OF CHINA (ABC)	2022/11/07-2027/11/01	Medium and long term loans	None
TXC (CKG)	Bank financing	China Trust Bank	2023/08/29~2025/09/24	Short-term loans	None

Chapter 6 Financial Information

I. Abbreviated Balance Sheets and P/L Statements for the Past 5 Years

(I) Abbreviated Consolidated Balance Sheets (IFRS)

Unit : NT\$ 1,000

Year		Financial information for the post 5 years (Note1)				
		2019	2020	2021	2022	2023
Current assets		7,945,036	9,587,601	11,369,852	11,412,451	10,812,022
Property, plant and equipment (Note 2)		4,054,149	4,808,588	5,843,828	6,319,742	5,770,331
Intangible assets		27,816	41,684	51,890	53,838	50,795
Other assets (Note 2)		1,341,769	2,163,838	3,537,698	2,065,213	2,189,229
Total assets		13,368,770	16,601,711	20,803,268	19,851,244	18,822,377
Current liabilities	Before distribution	2,796,519	5,093,290	4,894,702	4,335,711	4,768,275
	After distribution (Note 6)	3,570,912	6,270,367	7,217,880	6,504,010	6,162,186
Non-current liabilities		1,874,500	1,853,415	3,148,872	3,042,325	2,180,486
Total liabilities	Before distribution	4,671,019	6,946,705	8,043,574	7,378,036	6,948,761
	After distribution (Note 6)	5,445,412	8,123,782	10,366,752	9,546,335	8,342,672
Interests attributable to parent company		8,697,751	9,655,006	12,759,694	12,473,208	11,873,616
Common stock		3,097,570	3,097,570	3,097,570	3,097,570	3,097,579
Capital surplus		1,666,690	1,668,269	1,696,784	1,709,979	1,718,693
Retained earnings	Before distribution	4,457,863	5,235,929	7,167,557	7,808,729	7,585,111
	After distribution (Note 6)	3,683,470	4,058,852	4,844,379	5,640,430	6,191,200
Other interests		(524,372)	(346,762)	797,783	(143,070)	(527,767)
Treasury Stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total stockholders' equity	Before distribution	8,697,751	9,655,006	12,759,694	12,473,208	11,873,616
	After distribution (Note 6)	7,923,358	8,477,929	10,436,516	10,304,909	10,479,705

* If individual financial reports are prepared, the Company shall also prepare condensed balance sheets and statements of income for the past five years.

Note 1: The years which have not yet been audited and certified by a CPA should be noted.

Note 2: The assessment date and reassessed value amount should be listed for assets which have been reassessed in that year.

Note 3: Listed companies or companies with securities sold by securities firms should list the annual report publishing dates up to the previous quarter. Whether or not the financial data has been certified, audited or both should also be noted.

Note 4: For the above amounts after distribution, the amounts listed should be based on the following year's shareholders meeting resolution.

Note 5: For financial data which requires self-correction or revision as notified by the competent authorities, the corrected or revised amounts should be listed and the circumstances and reasons should be noted.

Note 6: It is the amount resolved by the board of directors on March 11, 2024.

(II) Abbreviated Balance Sheets (IFRS)

Unit : NT\$ 1,000

Year		Financial information for the post 5 years (Note1)				
		2019	2020	2021	2022	2023
Current assets		3,924,645	5,176,579	7,295,454	7,138,542	6,405,671
Property, plant and equipment (Note 2)		1,961,704	2,328,906	2,621,486	2,891,305	2,582,189
Intangible assets		3,692	8,984	15,190	17,795	13,593
Other assets (Note 2)		6,214,496	6,918,239	8,898,855	8,378,411	8,723,660
Total assets		12,104,537	14,432,708	18,830,985	18,426,053	17,725,113
Current liabilities	Before distribution	1,794,064	3,036,340	3,132,441	3,160,285	4,090,051
	After distribution (Note 6)	2,568,457	4,213,417	5,455,619	5,328,584	5,483,962
Non-current liabilities		1,612,722	1,741,362	2,938,850	2,792,560	1,761,446
Total liabilities	Before distribution	3,406,786	4,777,702	6,071,291	5,952,845	5,851,497
	After distribution (Note 6)	4,181,179	5,954,779	8,394,469	8,121,144	7,245,408
Interests attributable to parent company		8,697,751	9,655,006	12,759,694	12,473,208	11,873,616
Common stock		3,097,570	3,097,570	3,097,570	3,097,570	3,097,579
Capital surplus		1,666,690	1,668,269	1,696,784	1,709,979	1,718,693
Retained earnings	Before distribution	4,457,863	5,235,929	7,167,557	7,808,729	7,585,111
	After distribution (Note 6)	3,683,470	4,058,852	4,844,379	5,640,430	6,191,200
Other interests		(524,372)	(346,762)	797,783	(143,070)	(527,767)
Treasury Stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total stockholders' equity	Before distribution	8,697,751	9,655,006	12,759,694	12,473,208	11,873,616
	After distribution (Note 6)	7,923,358	8,477,929	10,436,516	10,304,909	10,479,705

* If individual financial reports are prepared, the Company shall also prepare condensed balance sheets and statements of income for the past five years.

Note 1: The years which have not yet been audited and certified by a CPA should be noted.

Note 2: The assessment date and reassessed value amount should be listed for assets which have been reassessed in that year.

Note 3: Listed companies or companies with securities sold by securities firms should list the annual report publishing dates up to the previous quarter. Whether or not the financial data has been certified, audited or both should also be noted.

Note 4: For the above amounts after distribution, the amounts listed should be based on the following year's shareholders meeting resolution.

Note 5: For financial data which requires self-correction or revision as notified by the competent authorities, the corrected or revised amounts should be listed and the circumstances and reasons should be noted.

Note 6: It is the amount resolved by the board of directors on March 11, 2024.

(III) Abbreviated Consolidated P/L Statements (IFRS)

Unit : NT\$ 1,000

Item	Year	Financial information for the post 5 years (Note1)				
		2019	2020	2021	2022	2023
Net operating revenue		8,430,970	11,048,392	15,244,851	13,169,688	10,850,402
Gross profit		2,007,091	3,332,806	5,627,229	5,030,838	3,860,007
Operating income		632,138	1,617,660	3,474,745	2,811,214	1,869,021
Nonoperating gains and losses		132,439	91,057	222,098	562,133	194,225
Income before income tax		764,577	1,708,717	3,696,843	3,373,347	2,063,246
Continuing operations net Income		671,782	1,429,287	3,116,984	2,805,504	1,713,702
Discontinuing operations net Loss		0	0	0	0	0
Net income (loss)		671,782	1,429,287	3,116,984	2,805,504	1,713,702
Other comprehensive income (net amount)		(106,931)	300,782	1,136,266	(782,007)	(153,718)
Total comprehensive income		564,851	1,730,069	4,253,250	2,023,497	1,559,984
Net income attributable to parent company		671,782	1,429,287	3,116,984	2,805,504	1,713,702
Net income attributable to non-controlling interests		0	0	0	0	0
Comprehensive income attributable to parent company		564,851	1,730,069	4,253,250	2,023,497	1,559,984
Comprehensive income attributable to non-controlling interests		0	0	0	0	0
Earnings per share (NT\$)		2.17	4.61	10.06	9.06	5.53

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

Note1: Any year that has not been verified and certified by an accountant should be indicated.

Note 2: Listed companies or companies whose shares have been traded in the business offices of securities companies should list the quarter before the date of publication of the annual report. In addition, whether the financial information has been certified by an accountant, checked, or both should be specified.

Note 3: The loss of the suspended unit is presented as the net amount after deduction of income tax.

Note 4: If the financial information should be corrected or restated upon notification by the competent authority, the corrected or restated figures should be listed, and the circumstances and reasons should be indicated.

(IV) Abbreviated P/L Statements (IFRS)

Unit : NT\$ 1,000

Year Item	Financial information for the post 5 years (Note1)				
	2019	2020	2021	2022	2023
Net operating revenue	6,672,071	9,140,414	11,680,702	10,596,932	8,802,818
Gross profit	1,074,968	1,946,727	3,396,773	3,180,892	2,011,347
Operating income	303,472	978,319	2,232,857	1,914,610	914,406
Nonoperating gains and losses	408,074	647,492	1,289,729	1,370,475	1,023,076
Income before income tax	711,546	1,625,811	3,522,586	3,285,085	1,937,482
Continuing operations net Income	671,782	1,429,287	3,116,984	2,805,504	1,713,702
Discontinuing operations net Loss	0	0	0	0	0
Net income (loss)	671,782	1,429,287	3,116,984	2,805,504	1,713,702
Other comprehensive income (net amount)	(106,931)	300,782	1,136,266	(782,007)	(153,718)
Total comprehensive income	564,851	1,730,069	4,253,250	2,023,497	1,559,984
Net income attributable to parent company	671,782	1,429,287	3,116,984	2,805,504	1,713,702
Net income attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to parent company	564,851	1,730,069	4,253,250	2,023,497	1,559,984
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share (NT\$)	2.17	4.61	10.06	9.06	5.53

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

Note1: Any year that has not been verified and certified by an accountant should be indicated.

Note 2: Listed companies or companies whose shares have been traded in the business offices of securities companies should list the quarter before the date of publication of the annual report. In addition, whether the financial information has been certified by an accountant, checked, or both should be specified.

Note 3: The loss of the suspended unit is presented as the net amount after deduction of income tax.

Note 4: If the financial information should be corrected or restated upon notification by the competent authority, the corrected or restated figures should be listed, and the circumstances and reasons should be indicated.

(V) Name and audit opinions of the Certified Public Accountant during the past 5 years

Year	Accounting firm	Certified Public Accountant	Audit opinions
2019	Deloitte & Touche	Hsieh, Ming-Chung, Su, Yu-Hsiu	No reserved opinions
2020	Deloitte & Touche	Hsieh, Ming-Chung, Su, Yu-Hsiu	No reserved opinions
2021	Deloitte & Touche	Hsieh, Ming-Chung, Su, Yu-Hsiu	No reserved opinions
2022	Deloitte & Touche	Hsieh, Ming-Chung, Su, Yu-Hsiu	No reserved opinions
2023	Deloitte & Touche	Hsieh, Ming-Chung, Su, Yu-Hsiu	No reserved opinions

Note: 1. Explanation for the change of accountants during the past five years:

Due to organizational changes, mergers and internal personnel and work arrangements of the accounting firm, as well as to be in line with the corporate governance measures.

II. Financial Analysis for the past 5 Years

(I) Consolidated Financial Analysis (IFRS)

Unit : NT\$ 1,000

Year		Financial analysis for the post 5 years				
		2019	2020	2021	2022	2023
Capital Structure Analysis	Debt ratio (%)	34.94	41.84	38.66	37.17	36.92
	Long-term fund to fixed assets ratio (%)	260.78	239.33	272.23	245.51	243.56
Liquidity Analysis	Current Ratio (%)	284.10	188.24	232.29	263.22	226.75
	Quick Ratio (%)	205.84	128.45	175.70	198.69	172.66
	Times interest earned (%)	3,389	8,069	8,997	7,006	3,681
Operating performance Analysis	Average AR turnover(times)	2.99	3.43	4.02	3.45	3.17
	Average AR turnover(days)	122.07	106.41	90.79	105.79	115.14
	Average inventory turnover(times)	3.33	3.18	3.53	3.05	2.70
	Average payment turnover(times)	4.30	4.28	4.76	4.93	5.33
	Average inventory turnover(days)	109.60	114.77	103.39	119.67	135.18
	Fixed assets turnover(times)	2.07	2.49	2.86	2.17	1.79
	Total assets turnover(times)	0.65	0.74	0.82	0.65	0.56
Profitability Analysis	Turn on total assets (%)	5.32	9.65	16.84	13.99	9.10
	Turn on total equity (%)	7.70	15.58	27.81	22.24	14.08
	Paid-in capital ratio (%)	24.68	55.16	119.35	108.90	66.61
	Net margin (%)	7.97	12.94	20.45	21.30	15.79
	Earnings per share(Basic) Note I	2.17	4.61	10.06	9.06	5.53
Cash Flow	Cash flow ratio (%)	59.49	37.31	74.12	77.28	64.04
	Cash flow adequacy ratio (%)	113.47	87.85	82.96	83.36	91.01
	Cash flow reinvestment ration (%)	6.29	6.52	12.01	4.54	4.04
Leverage	Operating leverage	2.2142	1.5253	1.3040	1.4442	1.6571
	Financial Leverage	1.0382	1.0134	1.0121	1.0177	1.0318

Please explain the reasons of changes in financial ratio for the post two years (No needs for analysis if change of financial ratio is less than 20%)

1. The decrease in the interest coverage ratio was mainly due to the decrease in profit and loss before interest and tax and the increase in interest expenses compared with the same period last year.
2. The decrease in return on assets, return on equity, Net margin, and EPS was mainly due to the decrease in net profit after tax compared with the same period last year.
3. The decrease in the ratio of net profit before tax to paid-in capital was mainly due to the decrease in net profit before tax compared with the same period last year.

Note 1: The year that has not been verified and certified by an accountant should be indicated.

Note 2: As of the date of publication of the annual report, if a company that is listed or whose shares have been traded in a securities firm's business place has the most recent financial information that has been checked, certified or reviewed by an accountant, it shall also be disclosed.

Note 3 : At the end of this form of the annual report, the following calculation formula should be listed:

1. Capital Structure Analysis

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term fund to fixed assets ratio = (Total stockholders' equity + Long-term liabilities) / Net Fixed Assets

2. Liquidity Analysis

(1) Current Ratio = current assets / current liabilities

(2) Quick Ratio = (current assets – Inventories – Prepaid expenses) / current liabilities

(3) Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating performance Analysis

(1) Average collection turnover =

Net sales / Average trade Receivables

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

(3) Average inventory turnover = Cost of good sold / Average inventory °

(4) Average payment turnover = Cost of good sold / Average trade Payables

(5) Average inventory turnover(Days) = 365 / Average inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4. Profitability Analysis

(1) Turn on total assets = [Net income + Interest expenses × (1 – Effective tax rate)] / Average total assets °

(2) Turn on total equity = Net income / Average stockholders' equity °

(3) Net margin = Net income / net sales °

(4) Earnings per share = (Net income – Preferred stock dividend) / Weighted average number of shares outstanding

5. Cash Flow

(1) Cash flow ratio = Net cash provided by operating activities / current liabilities

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend.

(3) Cash flow reinvestment ration = (Cash provided from operating activities – Cash dividend) / (Gross fixed assets + investment + Other assets + Working capital)

6. Leverage

(1) Operating leverage = (Net sales – Variable cost) / Income from operations

(2) Financial Leverage = Income from operations / (Income from operations – Interest expenses)

Note 4: For the formula for calculating earnings per share above, special attention should be paid to the following items when measuring:

1. Based on the weighted average number of common shares, not the number of shares outstanding at the end of the year.
2. Anyone who has cash capital increase or treasury stock trading should consider its circulation period and calculate the weighted average number of shares.
3. For those who convert surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preference shares are non-convertible accumulated preference shares, the dividends for the current year (whether paid or not) shall be deducted from the after-tax net profit, or the after-tax net loss shall be added. If the special stock is non-cumulative, if there is a net profit after tax, the special stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment is required.

Note 5: Cash flow analysis should pay special attention to the following items when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends of ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their rationality and maintain consistency.

Note 7: If the company's stock has no par value or the par value of each share is not NT\$10, the ratio of paid-in capital stated above shall be calculated based on the equity ratio attributable to the owners of the parent company on the balance sheet.

(II) Financial Analysis (IFRS)

Unit : NT\$ 1,000

Year Item		Financial analysis for the post 5 years				
		2019	2020	2021	2022	2023
Capital Structure Analysis	Debt ratio (%)	28.14	33.10	32.24	32.31	33.01
	Long-term fund to fixed assets ratio (%)	525.59	489.34	598.84	527.99	528.04
Liquidity Analysis	Current Ratio (%)	218.76	170.49	232.90	225.88	156.62
	Quick Ration (%)	169.02	131.84	188.85	179.02	120.41
	Times interest earned (%)	5,805	16,903	30,031	14,207	5,288
Operating performance Analysis	Average AR turnover(times)	2.96	3.45	3.54	3.14	2.94
	Average AR turnover(days)	123.31	105.79	103.10	116.24	124.14
	Average inventory turnover(times)	5.99	7.40	6.85	5.27	4.62
	Average payment turnover(times)	4.45	4.77	4.95	4.96	4.61
	Average inventory turnover(days)	60.93	49.32	53.28	69.25	79.00
	Fixed assets turnover(times)	3.46	4.26	4.72	3.84	3.22
	Total assets turnover(times)	0.55	0.69	0.70	0.57	0.49
Profitability Analysis	Turn on total assets (%)	5.67	10.83	18.80	15.16	9.65
	Turn on total equity (%)	7.70	15.58	27.81	22.24	14.08
	Paid-in capital ratio (%)	22.97	52.49	113.72	106.05	62.55
	Net margin (%)	10.07	15.64	26.68	26.47	19.47
	Earnings per share(Basic) Note I	2.17	4.61	10.06	9.06	5.53
Cash Flow	Cash flow ratio (%)	47.04	22.78	65.35	68.76	31.44
	Cash flow adequacy ratio (%)	83.22	66.65	67.96	71.85	69.04
	Cash flow reinvestment ration (%)	1.68	(0.58)	4.97	(0.80)	(5.00)
Leverage	Operating leverage	2.0813	1.3841	1.2059	1.2692	1.5647
	Financial Leverage	1.0429	1.0100	1.0100	1.0123	1.0426

Please explain the reasons of changes in financial ratio for the post two years (No needs for analysis if change of financial ratio is less than 20%)

1. The decrease in current ratio and quick ratio was mainly due to the increase in long-term liabilities (CB) due within one year compared with the same period last year.
2. The decrease in interest coverage ratio was mainly due to the decrease in profit and loss before tax and interest compared with the same period last year and the increase in interest expenses compared with the same period last year.
3. The decrease in return on assets, return on equity, net profit margin and earnings per share was mainly due to the decrease in net profit after tax compared with the same period last year.
4. The cash flow ratio decreased compared with the same period last year, mainly because the net cash flow from operating activities decreased compared with the same period last year and the current liabilities increased compared with the same period last year; the cash reinvestment ratio decreased compared with

the same period last year, mainly due to the net cash flow from operating activities after deducting cash dividends. Cash flow decreased compared with the same period last year, and the amount of real estate, plant and equipment, working capital and investment expenditures in the current period decreased compared with the same period last year.

5. The increase in operating leverage is mainly due to the decrease in operating net profit being greater than the marginal contribution.

Note 1: The year that has not been verified and certified by an accountant should be indicated.

Note 2: As of the date of publication of the annual report, if a company that is listed or whose shares have been traded in a securities firm's business place has the most recent financial information that has been checked, certified or reviewed by an accountant, it shall also be disclosed.

Note3 : Please refer to the description of Table (I. Consolidated Financial Analysis (IFRS)) for the calculation formula of this table.

III. Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution, of which the consolidated financial statements and the individual financial statements have been audited by independent auditors Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Hsiu of Deloitte & Touche. The business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution have been recognized by Audit Committee according to Article 14-4 of the Securities Exchange Act and Article 219 of the Corporate Act. Please examine.

TXC Corporation 2024 Annual Shareholders' Meeting

TXC Corporation

Convener of the Audit Committee : **Yu, Shang-Wu**

March 11, 2024

- IV Consolidated Financial statements of the most recent year:
Please refer to Appendix 1**
- V The Company's unconsolidated financial statements audit by a certified public accountant for the most recent year:
Please refer to Appendix 2**
- VI Where there is any financial difficulty in the Company and affiliates during the most recent year and as of the date the annual report was published, impact thereof on the financial status of the Company:N/A**

Chapter 7 Review of Financial Conditions, Operating Results, and Risk Management

I. Financial Statement

Unit: NT\$1,000

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	10,812,022	11,412,451	(600,429)	(5.26)
Non Current Assets	8,010,355	8,438,793	(428,438)	(5.08)
Total Assets	18,822,377	19,851,244	(1,028,867)	(5.18)
Current Liabilities	4,768,275	4,335,711	432,564	9.98
Non Current Liabilities	2,180,486	3,042,325	(861,839)	(28.33)
Total Liabilities	6,948,761	7,378,036	(429,275)	(5.82)
Share Capital	3,097,579	3,097,570	9	0
Capital Surplus	1,718,693	1,709,979	8,714	0.51
Retained Earnings	7,585,111	7,808,729	(223,618)	(2.86)
Other Equity	(527,767)	(143,070)	(384,697)	(268.89)
Non-Controlling Interests	0	0	0	0
Total Equity	11,873,616	12,473,208	(599,592)	(4.81)

Explanation for the analysis on the changes during the past two years. (This analysis can be exempted if the change is less than 20%)Explanation:

1. The decrease in non-current liabilities was mainly caused by the transfer of corporate bonds payable to long-term liabilities due within one year.
2. The decrease in other equity is mainly due to the increase in foreign currency exchange losses in the translation of financial statements and the increase in the transfer of benefits from the disposal of equity instruments to retained earnings.

II. Financial Performance

(I) Comparative analysis table for the operating results

Unit: NT\$1,000

Year	2023	2022	Increase(Decrease) Amount	Change %
Sales	10,850,402	13,169,688	(2,319,286)	(17.61)
Cost of Goods Sold	6,990,395	8,138,850	(1,148,455)	(14.11)
Gross Profit	3,860,007	5,030,838	(1,170,831)	(23.27)
Operating Expenses	1,990,986	2,219,624	(228,638)	(10.30)
Profit from Operations	1,869,021	2,811,214	(942,193)	(33.52)
Non-Operating Income and Expenses	194,225	562,133	(367,908)	(65.45)
Profit before Income Tax	2,063,246	3,373,347	(1,310,101)	(38.84)
Income Tax Expense	349,544	567,843	(218,299)	(38.44)
Net Profit for The Year	1,713,702	2,805,504	(1,091,802)	(38.92)
Other Comprehensive Income (Loss)	(153,718)	(782,007)	628,289	80.34
Total Comprehensive income (Loss) for The Year	1,559,984	2,023,497	(463,513)	(22.91)

Explanation for the analysis on the changes during the past two years. (This analysis can be exempted if the change is less than 20%) Explanation:

1. The decreases in operating gross profit, operating net profit, pre-tax net profit, income tax expenses and net profit for the current period are mainly due to the decrease in revenue for the current period.
2. The decrease in non-operating income and expenses was mainly due to the decrease in net foreign currency exchange benefits.
3. The increase in other comprehensive gains and losses was mainly due to the decrease in unrealized losses on financial assets measured at fair value in other comprehensive gains and losses.
4. The decrease in total comprehensive profit and loss for the current period was mainly due to the decrease in net profit for the current period.

(II) Expected sales quantity and its basis

In 2024, the company will adhere to a prudent and conservative attitude. In addition to continuing to develop new products and new processes with the support of existing customer orders, and expanding production capacity and optimizing product processes, the company will accelerate the expansion of 5G+, AI, HPC, automotive electronics, and other niche/emerging market industries, the products have gradually been certified and recognized by customers. It is expected that revenue will be contributed driven by new products and production line expansion. In addition, we will continue to improve in miniaturization, high frequency, Precision products with low energy consumption, under the conditions of effective customer relationship management and product diversification, the total combined sales volume is expected to exceed 4 billion, with a global market share of approximately 12%, and the estimated goal is to maintain the leading position in the global quartz industry.

III. Cash Flow

Unit: NT\$1,000

Beginning Cash Balance	Net Cash Provided by (Used in) Operating Activities of the year	Net Cash Provided by (Used in) Investing Activities of the year	Net Cash Provided by (Used in) Financing Activities of the year	Cash Balance (including the amount affected by exchange rate)
4,222,610	3,053,483	(729,376)	(2,285,558)	4,204,269

(I) Analysis on changes in cash flow of the year:

- (1) Operating activities: The main changes are from the current net profit plus depreciation and the changes in working capital.
- (2) Investing activities: The main changes are from capital expenditures and changes in financial assets.
- (3) Financing activities: The main changes are caused by the repayment of long-term and short-term borrowings and the payment of cash dividends.

(II) Remedy for cash shortage and liquidity analysis: None.

(III) Cash liquidity analysis for the coming year: On the premise of maintaining a stable cash flow, the company will consider the financial market conditions based on the cash balance on the account and the cash flow of operating activities and investment activities, and prudently plan and control various cash expenditures related to investment and operations.

IV. Impact of major annual capital expenditure on financial operations

The company's main major capital expenditures in 2023 are payments for the expansion of production line equipment and equipment upgrades for miniaturized products, in order to respond to market customer demand and optimize the company's product portfolio and technical specifications. On the basis of the consolidated financial statements, the amount paid for the purchase of fixed assets in 2023 will be NT\$962 million, accounting for about 8.87% of the net sales. Continue to expand production capacity and invest in new product development. It is expected that the long-term development plan of the company will be injected into the operation. Growth momentum, no major impact on financial business in the short term.

V. The main reasons for the profit or loss resulted from joint venture policies in the most recent year, the improvement plan thereof and the investment plan for the coming year:

Explanations Projects	Amount	Policies	Main reasons for the profit or loss	Improvement plan	Other future investment plan
TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED	NT\$ 968,668,000	Investing China subsidiaries, OBU	The main reason for profit this year is the increase in production capacity, yield rate and product quality.	Continue to maintain the company's operating performance	Other related expansion investment plans are under continuous evaluation.
TAIWAN CRYSTAL TECHNOLOGY (HK) LIMITED	NT\$ 682,000	Trading	The main reason for this year's profit is that the company's operating activities have begun to expand	Continue to maintain the company's operating performance	None

VI. Risks analysis and assessment

(I) Policies and organizational structure of risk management

The Company's risk management policy is to establish a risk management mechanism for risk identification, measurement, supervision and control, and to configure an integrated risk management system. To conduct risk management, analysis and evaluation on the following issues: 1. Business / Law / Regulations / Standards; 2. Changes in political environment; 3. Changes in economic / financial environment; 4. Natural disasters (climate change); 5. Technology and information; 6. Competitive environment; 7. Facilities / equipment; 8. Business / market operations; 9. Related Supply chains; 10. Financial operations; 11. Community / Environmental Security and Hygiene; and 12. Personnel etc., total 12 items and 92 indicators, in order to develop mitigation strategies and operational continuity plans to eliminate, reduce, transfer, accept risks, and promote appropriate risk management-oriented business model, achieving operational goals to enhance shareholder value, and major risks such as marketing market, production operation, human resource planning, new product development progress, and financial accounting control faced by various business operations, except in addition to the original system norms and treatments, actively develop advanced and highly sensitive procedures and guidelines for supervision, evaluation, and risk management to balance safety and efficiency, and establish economically effective business operation models, such as strengthening the establishment of information systems, strengthen early warning and monitoring capabilities and promote the ISO22301 and ISO31000 risk management systems related to risk identification and management; and have completed the establishment and certification of ISO27001 Information Security Management Systems and AEO.

For each identifiable risk, the company has formulated key operational risk management measures in 2014 and approved them by the board of directors. They will be re-formulated on November 6, 2023 and approved by the board of directors. The structure and criteria for the company's key operational risks are provided to each department to conduct relevant risk identification and assessment, and response measures and supervision plans are formulated based on the results, so that the identified potential key operational risks can be resolved through daily supervision and Management and control minimize the occurrence of various key operational risks. The company has a risk response organization. The chairman of the board authorizes the general manager to serve as the convener to establish a risk management group to coordinate and direct the promotion and operation of the risk management plan. There are various central and responsible units under it, responsible for promoting various business risk management.

- Administrator Center: The roles and responsibilities of the management center: Arrangement and response of human resources, evaluation of financial risks, execution of various insurance operations, maintenance of operating system configuration, establishment and maintenance of environmental safety and health, review and establishment of laws and regulations, and media public relations and external coordination matters etc.
- R & D Center: The roles and responsibilities of the R & D Center: Put in place the emergency response measures for R & D operating environment, risk assessment of new product development, and R & D progress control
- Marketing Center: The roles and responsibilities of the Marketing Center: Collection and establishment of market information, coordination between the production and marketing departments, establishment and handling of customer relationships, and tracking and collection of account receivable.
- Manufacturing Center: The roles and responsibilities of the Manufacturing Center: Put in place the emergency response measures for production operations, production contingency plan and specifications, manpower support and allocation plans, and on-site environmental safety contingency plans.
- MEMS Center: The roles and responsibilities of the MEMS Center (Microelectromechanical Systems Center): Put in place the emergency response measures for production operations, production contingency plan and specifications, manpower support and allocation plans, and on-site environmental safety contingency plans
- Supply Chain Center: The roles and responsibilities of the Supply Chain Center: Development of a supplier contingency plan, put in place the

emergency response measures for procurement, development of alternative plans for import and export transportation, customs declaration, customs clearance, insurance-related operations and equipment purchase.

Quality Assurance Center: The roles and responsibilities of the Supply Chain Center: Development of document data storage plans, control of Disaster-damaged products and quality control, and put in place the emergency response measures for product testing operations

Internal Audit Dept.: The roles and responsibilities of the Internal Audit Dept.: Regularly check whether the implementation of risk control of each central unit is actually performed according to the Company's internal control and audit plan, and preparing for an audit report based on the actual audit results.

Occupational Safety and Health Management Office: The roles and responsibilities of the Audit Office: Supervision of environmental safety and health management such as environmental safety and health review / risk assessment to ensure safety and health normal operation of the health system.

The execution status of operational risk management in 2023 is as follows, and the execution status has been reported to the board of directors on November 6, 2023:

Risk Identification Issues	Risk Response	Risk Countermeasures
China-US trade restrictions and technological conflicts continue to expand	Reduce risk impact	<ol style="list-style-type: none"> 1. Strengthen attention/analyze the scope of influence of IC-related supply chain customers 2. Pay attention to the development trends of new products of relevant Chinese brand customers 3. Regular reports from the marketing/marketing project team
The Ukraine-Russia War and Tensions in the Taiwan Strait	Reduce risk impact	<ol style="list-style-type: none"> 1. Pay attention to various changes in logistics operations and response plans 2. Pay attention to possible changes in the customer's supplier strategy 3. The project team conducts assessment of new production locations
Uncertain demand and inventory control	Reduce risk impact	<ol style="list-style-type: none"> 1. Fully launch customer/agency demand and

Risk Identification Issues	Risk Response	Risk Countermeasures
		inventory status 2. Appropriately adjust the safety factor and material requirements required by risky customers
ESG promotion	Eliminate risk	1. Increase ESG-related resource investment 2. The official website strengthens the disclosure of ESG-related information
The impact of China accelerating the development of its independent IC industry	Reduce risk impact	Strengthen IC Design House relationships and enhance Design in Advancement
The Development of the Israel-Kazakh War	Reduce risk impact	Immediately conduct various logistics plan deductions and respond quickly to current events
Exchange rates change rapidly	Reduce risk impact	1. Correspond with transaction conditions with material suppliers 2. Avoid financial risks
Automotive demand is heating up rapidly	Reduce risk impact	1. Strengthen information control of customers' medium and long-term needs 2. Review the safety stock plan
Natural disasters occur frequently	Reduce risk impact	1. Review supplier safety stock agreement 2. Carry out various logistics plan deductions
Demand for production sites in low-risk countries	Eliminate risk	Special project for third production site assessment and planning

(II) Impact of recent year interest rates changes, exchange rate fluctuation and inflation on the profit or loss of the Company and the future countermeasures therefor.

- (1) Impact of recent year interest rates on the profit or loss of the Company and the future countermeasures therefor:
- i Impact of interest rates on the profit or loss of the Company and the subsidiary
In 2023, the net interest of the Company and its subsidiary was NT\$57,619,000 and the Company's interest expense will be increased by approximately NT\$5,311,000 for every 0.25% increment in the market interest rate.
 - ii Future countermeasures
Since the Company and its subsidiary have sound financial structure together with the gradual expansion of the Company's business scale, it has close long-term cooperation with the banks. Through the bank's assistance, it has been able to obtain better interest

rates and terms to improve its financial structure, enrich medium and long-term working capital and reduce the risks of interest rate changes. Its financing costs have been lower than the average market interest rate.

- (2) Impact of recent year exchange rate fluctuation on the profit or loss of the Company and the future countermeasures therefor:
 - i Impact of exchange rate fluctuation on the profit or loss of the Company and subsidiary
Due to nature of the industry, the Company's foreign procurement of raw materials account for about 80% and export income accounted for more than 90%, therefore, exchange rate control is relatively important. In 2023, the sharp fluctuations in exchange rates has made hedging operations relatively difficult. However, the Company and subsidiary have established appropriate risk management mechanisms to avoid risks. In the future, the Company's gross margin will be affected by approximately 0.5%, for every 1% market exchange rate appreciation.
 - ii Future countermeasures
As for the response to exchange rate changes, the Company and subsidiary have established a risk assessment team to adopt dynamic natural hedging. The remaining mainly undertakes hedging instruments such as spot exchange transactions and/or foreign exchange forward contract to reduce risks by maintaining a high hedging ratio.
- (3) Impact of the recent year inflation on the profit or loss of the Company and the future countermeasures therefor:
 - i Impact of inflation on the profit or loss of the Company and subsidiary
The Company's expenses will be increased by approximately NT\$19,909,000 for every 1% increment in inflation.
 - ii Future countermeasures
In recent years, there has been little impact on the costs and prices due to stable inflation data. In the future, the Company will remain on the lookout for the inflation trend for the purpose of costs control and price quotation and make appropriate adjustments.

(III) The main reasons for engaging in high risk and highly leveraged investments, capital lending to others, endorsement, the policies and profit (or loss) of derivative commodity transactions and the future countermeasures therefor:

- (1) The Company and subsidiary did not engage in any high risk and highly leveraged investments in 2023.
- (2) The Company and subsidiary engaged in capital lending to others and endorsement according to the regulatory statute and performed regular auditing and filing pursuant to the relevant regulations of the competent authority and the Company. The details are as follows:
 - i Capital lending to others: none.
 - ii Endorsement: none.
 - iii The policies and profit (or loss) of derivative commodity transactions and the future countermeasures therefor:
 - (a) The Company and subsidiary engaged in derivative financial commodity transactions to avoid risks in foreign currency claims, debts and commitments arising from changes in exchange rate and/or interest rate. The hedging strategy is for the purpose of avoiding most of the market price risks.

- (b) In 2023, the Company and its subsidiary recognized foreign exchange gain of NT\$68,611,000 due to large fluctuations in exchange rates.
- (c) The Company and subsidiary use derivative financial commodity that are highly correlated with changes in the fair value of the hedged items as hedging instruments to avoid the risks arising from the Company's business operations and perform periodic assessments to control the risks thereof.

(IV) Future R & D plan and estimated investment in R & D

- (1) The Company has systematically managed the R&D plan and introduced the PLM (Product Lifecycle Management) system to track and grasp the progress of product R&D through the PLM system. In 2023, the company will set different R&D projects according to product and technology categories, and set goals, progress and schedule in line with market demand. In 2024, the R&D expenses are expected to invest another NT\$205 million.

No.	Name of the program	Current progress	Reinvestment in R & D	Estimated time of mass production	Primary factor of success
1	1612 TSX 76.8MHz for ACAP	70%	NT\$ 50M	to be completed by Mar. 2024	Master key technology
2	1008 307MHz development	30%	NT\$ 85M	to be completed by Sep. 2024	Master key technology
3	2016 Differential XO	40%	NT\$ 70M	to be completed by Aug. 2024	Master key technology

- (2) The new R & D projects in 2024 that has been launched are expected to be introduced into mass production phase within 12~18 months. The R & D expenditure for the entire year is estimated to be NT\$265 million.

No.	Name of the program	Current progress	Reinvestment in R & D	Estimated time of mass production	Primary factor of success
1	1210 TSX 52MHz	15%	NT\$ 60M	to be completed by Mar. 2025	Master key technology
2	64 MHz 1612 TCXO	10%	NT\$ 85M	to be completed by Jun. 2025	Master key technology
3	2520 Ultra Low Phase Noise CMOS XO	15%	NT\$ 50M	to be completed by May 2025	Master key technology
4	OH480 Power Saving AAU	20%	NT\$ 70M	to be completed by Jul. 2025	Master key technology

- (3) Factors to R & D's success: The Company's competitive edge lies in continuous innovation, and the innovation is reflected on futuristic products. Therefore, in addition to considering the strength of market demand, the control and effective monitoring over the progress of R & D projects to shorten the R & D timeline and continued strengthening of R&D team by developing efficient training and upgrading the overall professional quality are the key factors that directly affects the success of R & D. In addition, whether the production process capability can increase the production yield to reduce the product cost while the product is advanced is another important factor that determines whether the new product can be successfully introduced into the market.

(V) Impact on the Company's financial operations from the changes in important domestic and foreign policies and laws during the most recent years and the countermeasures therefor:

- (1) From 2018 to 2023, the five-degree increase in basic salary is about 23.36%, it will increase by about 4.05% from 2024 onward, and the personnel cost has increased. The company actively expands the operation scale and increases the market share, and improves the cost competitiveness by improving the process capability and work efficiency.
- (2) From April 2024, the electricity price will be raised by about 17%, resulting in an increase in production costs. The company will actively promote various energy-saving and carbon-saving programs to increase production efficiency and reduce the impact.
- (3) The global epidemic, extreme weather events, and changing global political and economic situations continue to have a great impact on the sustainable operation of enterprises. In this ever-changing and challenging environment, the company actively implements ESG promotion and strengthens risks management, looking for new opportunities for future development.
- (4) The company has always paid close attention to and grasped the policies and laws that may affect the company's operations, and cooperated with the revision of relevant internal systems of the company. The legal changes in 2023 have been assessed to have no significant impact on the company's operations.

(VI) Impact on the Company's financial operations from the changes in technologies and the industry during the most recent years and the countermeasures therefor:

- (1) With the development of information technology and the extension of 5G+ related application fields, application products such as automotive electronics, wireless communications, home digital, mobile video, digital mobile devices, medical health technology, Internet of Things (IoT), and AI-related applications have become increasingly important for quartz component applications. There will be integration and increased benefits, and it is expected that the global information technology industry applications will continue to increase. Overall, the market demand for quartz components will remain basically stable in the next few years. In order to maintain stable profits and industrial competitiveness, the company will continue to develop new products and improve technology and processes to maintain cost advantages.
- (2) When the fluctuations in the oil and electricity prices and industrial water restrictions become the norm, the industries and businesses will take the first blow and the operating costs will increase substantially. The Company will continue to promote energy-saving and carbon-saving schemes to reduce energy consumption.
- (3) In response to the recent frequent attacks on information security, the company not only introduced the ISO27001 information security management system, but also reviewed key information facilities and their applications with information security standards and frameworks, continued to build a complete information communication environment, and strengthened information communication security protection and management. Mechanism to train information security talents to ensure the company's continuous operation.

(VII) Impact on the corporate crisis management from the changes in corporate image during the most recent years and the countermeasures therefor:

- (1) Based on the humanitarian beliefs of caring for disadvantaged groups, the company prepares a budget every year to give back to the society in many ways and fulfill its corporate social

responsibilities. Since the establishment of the "TXC_ Foundation" in 2017, the company has achieved "get it". The feedback concept of "Use in society and use in society" enables limited resources to produce greater synergy, which in turn encourages the surrounding communities and manufacturers to invest together and exert greater public welfare influence, so that the company can continue to operate and make public welfare It can be widely distributed. Aiming at school education, rooting education, senior (inheritance) education, encouraging innovation, improving research, and strengthening the operation of conference affairs for disadvantaged groups and basic education in remote areas, and combining the resources of the company's volunteer community to expand the effectiveness of services, The company's volunteer club was established in 2015. It continues to promote social welfare activities and caring for disadvantaged groups. It has been recognized by the Taoyuan City Government and praised by excellent volunteers to implement the company's mission of caring for public welfare and fulfilling corporate responsibilities. For related foundation-sponsored activities, please visit the website of the TXC_Foundation.

- (2) In line with the government's promotion of Corporate Governance 3.0-Sustainable Development Blueprint, the company attaches great importance to the sustainable development of the environment and society. In 2021, the original "Corporate Social Responsibility Committee" was reorganized to establish the "Sustainable Development Committee (also known as the ESG Committee)" to Implement the execution plan for sustainable development, and in order to improve the quality of corporate governance and strengthen communication channels with shareholders, in addition to regularly updating the company's latest financial and business information on the company's website, regular corporate briefings are held to improve the transparency of information disclosure and are released annually. The sustainability report has been certified and will continue to promote corporate governance-related matters in the future. In 2023, the disclosure scope of the sustainability report has been expanded to include Pingzhen Factory, Ningbo Factory, and Chongqing Factory. It has obtained ISO14064 greenhouse gas emissions, ISO14067 (Crystal 8A group) product carbon footprint assurance certification, and ISO50001 energy management assurance certification, and completed the signing of 50 million under the CPPA renewable energy power supply contract, the factory built its own solar energy to provide stable power supply and obtained a green energy certificate. In 2023, the company won the "Sustainability Resilience Award" from the British Standards Institute BSI, the " Taiwan Best-in-Class 100" from the Taiwan Institute of Directors, the "Certification in line with the Paris Agreement 1.5 °C temperature control target" from Tianxia Magazine, and the internationally renowned ESG sustainability assessment agency Sustainalytics has a low risk rating. The company's responsible attitude and efforts over the years have been highly recognized and recognized by the investment market.
- (3) In order to improve customer satisfaction, the company has strengthened its existing "customer relationship management system", which has been recognized by many manufacturers and affirmed by customers, and continues to strengthen the technology level of the company to meet the application needs of customers.
- (4) In order to implement the company's supply chain safety management and information confidentiality management to enhance trade competitiveness, we regularly and continuously maintain the certified quality management system (ISO9001), the automotive industry quality system certification (IATF 16949), and the environmental management system (ISO14001), Taiwan Occupational Safety and Health Management System (CNS15506), Information Security Management System (ISO/IEC27001), Hazardous Substance Process Management System (IECQ QC 080000:2017), Occupational Safety and Health Management System

(ISO45001), Taiwan Intellectual Property Management Standard (TIPS) Certification of Class A, Healthy Workplace Certification - Health Promotion Mark, Safety Certification Quality Enterprise (AEO) certification issued by the Ministry of Health and Welfare.

- (5) In response to crisis events and external potential risks, if there is any impact on the company's operations and corporate reputation, the crisis management mechanism will be launched immediately, and the emergency response team will conduct risk assessment and take necessary actions.

(VIII) Expected benefits, possible risks and countermeasures for merger: None.

(IX) Expected benefits, possible risks and countermeasures for plant and production line expansions

Production expansion benefits:

The Company continues to expand production capacity of its Ping-Zhen Plant (Taiwan), Ning-Bo Plant and Chong-Qing Plant to expand its economic scale, reduce production costs and upgrade product specification. The production capacity is, according to the production capacity plan, expected to increase to meet market demand and increase market share

Possible risks:

Declined demand, low production capacity, increased production costs.

Countermeasures:

If the target market demand is not as expected and the product development progress is delayed, in order to avoid the imbalance between supply and demand, the product specifications will be flexibly adjusted to increase the utilization rate, and the product process capability will be accelerated, the yield rate and production efficiency will be improved, and the product sales mix will be optimized to enhance the group Overall profit

(X) Risks involved in intensive purchase or sales and the countermeasures therefor:

Each major raw material shall have purchase source of more than two suppliers to avoid risks from intensive purchase. The sales targets are mainly the prestigious domestic and foreign manufactures in communications, information and consumer products industries; except for a customer who accounts for more than 10% of the Company's total sales ratio due to its scale of operations, continued expansion and growth requirements, there are no risks from intensive sales.

(XI) The impact and risk on the Company from massive transfer or replacement of equity by directors, supervisor or shareholder(s) holding more than 10% of the shares and the countermeasures therefor: None.

(XII) The impact and risk on the Company from changes in the right to operate and the countermeasures therefor: None.

(XIII) Litigation or non-litigation incidents: Major lawsuits, non-litigations or administrative disputes (determined or in-process) involving the Company and the Company's directors, supervisor, CEO, substantive directors, large shareholder(s) and subsidiary holding more than 10% of the Company's shares shall, if outcome of the lawsuit may

have a material effect on shareholders' equity or the price of securities, be specified and disclosed of the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the main parties involved in the case, and status of the cases as of the publication date of the annual report: None.

(XIV) Other important risks and corresponding countermeasures: None.

VII. Other important matters: None.

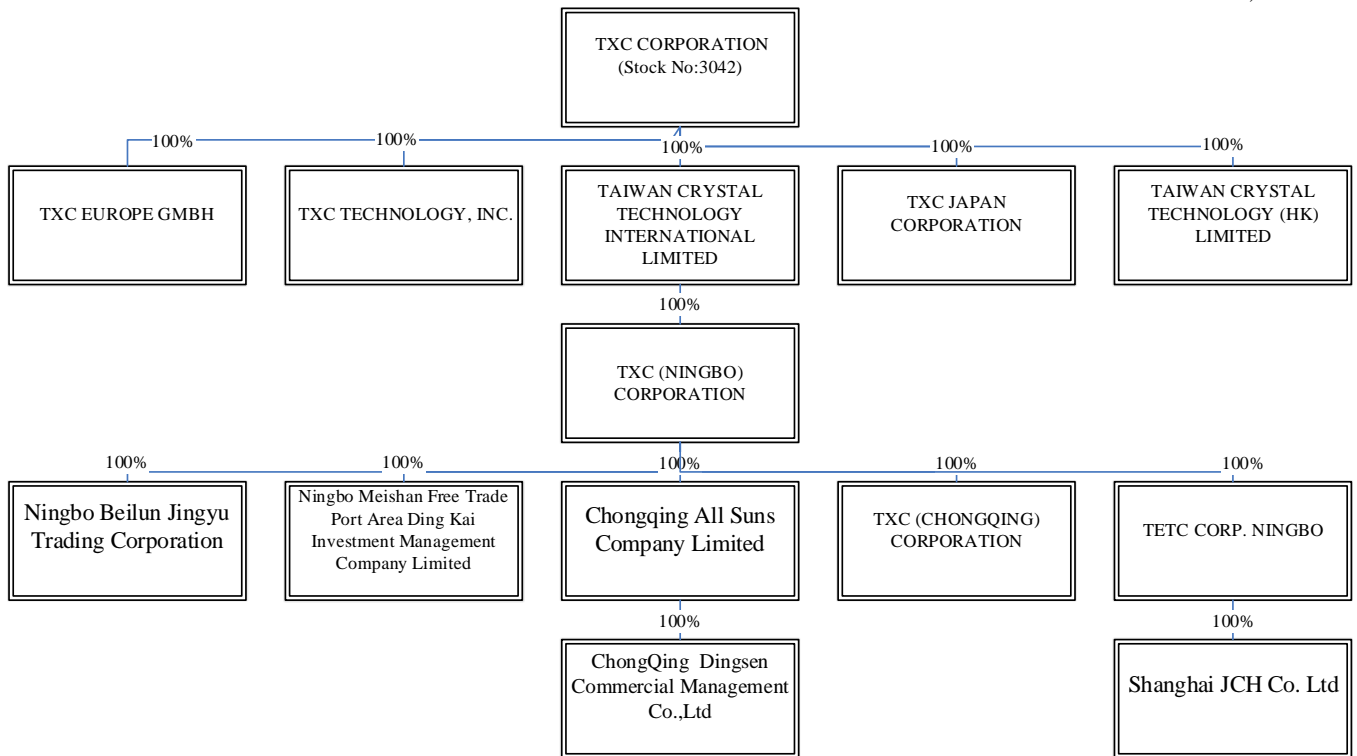
Chapter 8 Special Disclosure

I. Subsidiary

1. TXC Subsidiary

(1) TXC Subsidiaries Chart

December 31, 2023



(2) Basic information of TXC Subsidiaries

December 31, 2023

Name	Date of Incorporated	Address	Capital	Business Activities
TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED	1998.12.23	WESTERN SAMOA	USD 42,835,294	Investment holding
TXC TECHNOLOGY, INC.	2000.12.01	431 Lambert Road,Suite 306 Brea,California 92812, U.S.A.	USD 300,000	Marketing activities
TXC JAPAN CORPORATION	2005.09.13	Davinici-shin-yokohama Bldg.,1-3-1, Shin-yokohama, Kohoku-ku, Yokohama,222-0033 Japan	YEN 21,000,000	Marketing activities
TAIWAN CRYSTAL TECHNOLOGY (HK) LIMITED	2010.07.06	Flat/Rm 2811 28/F, Trend Centre, 29-31 Cheung Lee Street, Chai Wan. H.K.	USD 80,000	Trading
TXC EUROPE GMBH	2018.08.17	Sebastian-Kneipp-Straße 41, 60439 Frankfurt am Main	EUR 50,000	Marketing activities
TXC (NINGBO) CORPORATION	1999.03.12	No.189, Huangshan Xi Rd., Economic & Technical Development Zone,Ningbo Zhejiang, China	USD 77,241,343	Manufacture and sales of electronics products
TXC (CHONGQING) CORPORATION	2010.10.11	JinFeng Industrial Region, Jiulongpo District, Chongqing City, China	RMB 247,876,609	Manufacture and sales of electronics products
Chongqing All Suns Company Limited	2011.02.14	Jiulongpo District, Chongqing, China Jinfeng Road 108,	RMB 150,000,000	Real estate related
Ningbo Jingyu Company Limited	2011.09.07	No.189, Huangshan Xi Rd., Economic & Technical Development Zone,Ningbo Zhejiang, China	RMB 2,500,000	Trading
Ningbo Free Trade Zon Ding Kai Investment Management Company	2017.05.12	Room 4211, Office Building, 11 Meishan Avenue Business Center, Beilun District, Ningbo City	RMB 35,050,000	Investment
ChongQing Dingsen Commercial Management Co.,Ltd	2020.12.30	22 Fengsheng Road, Jiulongpo District, Chongqing, China	RMB 1,000,000	Property management
TETC CORP. NINGBO	2021.05.12	3-3-1, Building F, No. 213, Wanjingshan Road, Chaiqiao Street, Beilun District, Ningbo City, Zhejiang Province, China	RMB 100,000,000	Manufacture and sales of electronics products
Shanghai JCH Co.,Ltd	2022.11.25	Room 3F301, Room 101, Building 28, No. 1388 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone	RMB 500,000	Marketing and technical services

(3) Resters of Directors, Supervisors, and General Manager of TXC's Subsidiaries

December 31, 2023
Number of shares; share (%)

Name	Title	Name or representative	Shares	Share (%)
TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED	Chairman	TXC Corporation Representative: Lin, Wan-Shing	42,835,294	100%
TXC TECHNOLOGY, INC.	Chairman	TXC Corporation Representative: Chen, Li-Wei	300,000	100%
TXC JAPAN CORPORATION	Chairman	TXC Corporation Representative: Shih Tien, Tun-Hsiung	2,100	100%
	Director	TXC Corporation Representative: Lin, Wan-Shing	2,100	100%
	Supervisor	TXC Corporation Representative: Tsai, Jung-Hsien	2,100	100%
TAIWAN CRYSTAL TECHNOLOGY (HK) LIMITED	Chairman	TXC Corporation Representative: Lin, Wan-Shing	80,000	100%
TXC EUROPE GMBH	Chairman	TXC Corporation Representative: Kuo, Ya-Han	50,000	100%
TXC (NINGBO) CORPORATION	Chairman	Taiwan Crystal Technology International Limited Representative: Chen Chueh, Shang-Hsin	77,241,343	100%
	Director/ President	Taiwan Crystal Technology International Limited Representative: Chao, Min-Chiang	77,241,343	100%
	Director	Taiwan Crystal Technology International Limited Representative: Lin, Wan-Shing	77,241,343	100%
	Supervisor	Taiwan Crystal Technology International Limited Representative: Chang, Chien-Tsung	77,241,343	100%
TXC (CHONGQING) CORPORATION	Chairman	TXC (NINGBO) CORPORATION Representative: Chen Chueh, Shang-Hsin	247,876,609	100%
	Director	TXC (NINGBO) CORPORATION Representative: Chang, Chien-Tsung	247,876,609	100%
	Director	TXC (NINGBO) CORPORATION Representative: Lin, Wan-Shing	247,876,609	100%
	Supervisor	TXC (NINGBO) CORPORATION Representative: Lin, Chia-Ching	247,876,609	100%
Chongqing All Suns Company Limited	Chairman	TXC (NINGBO) CORPORATION Representative: Chou, Chien-Fu	150,000,000	100%
	Director	TXC (NINGBO) CORPORATION Representative: Lin, Wan-Shing	150,000,000	100%

Name	Title	Name or representative	Shares	Share (%)
	Director	TXC (NINGBO) CORPORATION Representative: Chen Chueh, Shang-Hsin	150,000,000	100%
	Supervisor	TXC (NINGBO) CORPORATION Representative: Lin, Chia-Ching	150,000,000	100%
Ningbo Jingyu Company Limited	Chairman	TXC (NINGBO) CORPORATION Representative: Lin, Chia-Ching	2,500,000	100%
	Supervisor	TXC (NINGBO) CORPORATION Representative: Chen Chueh, Shang-Hsin	2,500,000	100%
Ningbo Free Trade Zon Ding Kai Investment Management Company	Chairman	TXC (NINGBO) CORPORATION Representative: Lin, Chia-Ching	35,050,000	100%
	Supervisor	TXC (NINGBO) CORPORATION Representative: Lin, Hai	35,050,000	100%
	President	TXC (NINGBO) CORPORATION Representative: Chao, Min-Chiang	35,050,000	100%
ChongQing Dingsen Commercial Management Co.,Ltd	Chairman	Chongqing All Suns Company Limited Representative: Chou, Chien-Fu	1,000,000	100%
	Supervisor	Chongqing All Suns Company Limited Representative: Kuo, Chia-Ching	1,000,000	100%
TETC CORP. NINGBO	Chairman	TXC (NINGBO) CORPORATION Representative: Chen Chueh, Shang-Hsin	100,000,000	100%
	Director/ President	TXC (NINGBO) CORPORATION Representative: Huang, Hsiang-Lin	100,000,000	100%
	Director	TXC (NINGBO) CORPORATION Representative: Lin, Chia-Ching	100,000,000	100%
	Supervisor	TXC (NINGBO) CORPORATION Representative: Wu, Chung-Lin	100,000,000	100%
Shanghai JCH Co.,Ltd	Chairman	TETC CORP. NINGBO Representative: Peng, Tze-Fa	500,000	100%
	Supervisor	TETC CORP. NINGBO Representative: Lin, Chia-Ching	500,000	100%

(4) Operational Highlights of TXC Subsidiaries

December 31, 2023

Unit: NT\$ thousands, except EPS (NT\$)

Name	Capital	Total Assets	Total Liabilities	Shareholder Equity	Sales Revenues	Operating Profits (Loss)	Net Income	EPS
TAIWAN CRYSTAL TECHNOLOGY INTERNATIONAL LIMITED	1,390,461	7,634,378	-	7,634,378	-	(62)	968,668	22.61
TXC TECHNOLOGY, INC.	9,879	24,818	1,528	23,290	56,926	1,348	1,446	4.82
TXC JAPAN CORPORATION	6,172	43,860	11,502	32,358	80,834	4,092	2,843	1,353.63
TAIWAN CRYSTAL TECHNOLOGY (HK) LIMITED	2,371	210,764	17,664	193,100	58,209	(37,820)	682	8.53
TXC EUROPE GMBH	1,746	24,462	13,162	11,300	55,619	1,398	1,856	37.12
TXC (NINGBO) CORPORATION	2,350,052	8,678,306	1,048,094	7,630,212	3,850,945	413,568	968,692	12.54
TXC (CHONGQING) CORPORATION	1,162,074	2,533,125	713,995	1,819,130	1,973,547	197,824	200,040	0.81
Chongqing All Suns Company Limited	684,908	802,572	27,568	775,004	15,704	(9,068)	(25,883)	(0.17)
Ningbo Jingyu Company Limited	7,090	12,084	5,998	6,086	439	(53)	(26)	(0.01)
Ningbo Free Trade Zon Ding Kai Investment Management Company	160,043	162,694	-	162,694	-	-	1	-
ChongQing Dingsen Commercial Management Co.,Ltd	4,390	6,116	7,325	(1,209)	10,945	(68)	(8)	(0.01)
TETC CORP. NINGBO	433,440	2,214,879	969,937	1,244,942	1,446,391	369,671	325,299	3.25
Shanghai JCH Co., Ltd	2,238	12,591	1,793	10,798	21,444	9,199	8,746	17.49

Note: All related companies were exposed by the number of financial statements audited by CPA in 2023.

2. Consolidated financial statements of related companies:

The consolidated financial statements of related companies and the consolidated financial statements of the parent and subsidiary companies of the company are the same. Therefore, the consolidated financial statements of related companies are the same as the consolidated financial statements of the parent and subsidiary companies. Please refer to Appendix 1 for details.

II. Private Placement Securities in 2023 and as of the Date of this Annual Report:
None

III. Status of TXC's Common Shares Acquired, Disposed of, and Held by Subsidiaries:
None

IV. Other Necessary Supplement: None

V. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

TXC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**


DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TXC CORPORATION

By

A handwritten signature in black ink, appearing to read "Peter Lin", with a long horizontal stroke extending to the right.

PETER LIN
Chairman

March 11, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TXC Corporation

Opinion

We have audited the accompanying consolidated financial statements of TXC Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public 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 for our opinion.

Key Audit Matters

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

For the year ended December 31, 2023, the Group's revenue was approximately 18% less compared to its revenue for the year ended December 31, 2022. In comparison with 2022, the revenue derived from specific customers increased; therefore, we considered the occurrence of revenue derived from specific customers as a key audit matter. For the accounting policy for revenue recognition, please refer to Note 4.

The key audit procedures that we performed included the following:

1. We obtained an understanding of and tested the appropriateness of the design and the implementation of internal control system that is related to revenue recognition.
2. We selected samples from the revenue details of specific customers, checked the sales orders, and delivery notes, and we confirmed the occurrence of the sales revenue.

Other Matter

We have audited the accompanying parent company only financial statements of TXC Corporation as of December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our 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 audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-Shiou Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

Notice to Readers

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

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,204,269	22	\$ 4,222,610	21
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	619,050	3	417,450	2
Financial assets at amortized cost - current (Notes 4 and 9)	99,349	1	351,977	2
Notes receivable (Notes 4 and 10)	87,571	-	32,125	-
Trade receivables (Notes 4 and 10)	3,159,403	17	3,514,781	18
Trade receivables from related parties (Notes 4, 10 and 30)	8,377	-	9,851	-
Finance lease receivables - current (Note 11)	4,052	-	-	-
Other receivables (Note 4)	32,041	-	65,288	-
Other receivables from related parties (Notes 4 and 30)	1,193	-	643	-
Current tax assets (Notes 4 and 25)	17,525	-	-	-
Inventories (Notes 4 and 11)	2,469,993	13	2,699,721	14
Other current assets	109,199	1	98,005	-
Total current assets	10,812,022	57	11,412,451	57
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 29)	375,757	2	662,533	4
Financial assets measured at amortized cost - non-current (Notes 4 and 9)	199,107	1	-	-
Investments accounted for using equity method (Notes 4 and 14)	446,126	3	458,607	2
Property, plant and equipment (Notes 4 and 15)	5,770,331	31	6,319,742	32
Right-of-use assets (Notes 4 and 16)	196,240	1	205,984	1
Investment properties (Notes 4 and 17)	540,242	3	571,346	3
Other intangible assets (Note 4)	50,795	-	53,838	-
Deferred tax assets (Notes 4 and 25)	67,308	-	61,271	-
Finance lease receivables - non-current (Note 11)	6,741	-	-	-
Prepayment for equipment	348,019	2	94,538	1
Other non-current assets	9,689	-	10,934	-
Total non-current assets	8,010,355	43	8,438,793	43
TOTAL	\$ 18,822,377	100	\$ 19,851,244	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 241,618	1	\$ 513,750	3
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 29)	18,323	-	13,620	-
Contract liabilities - current (Notes 12 and 23)	40	-	40	-
Trade payables	1,414,958	8	1,208,497	6
Trade payables to related parties (Note 30)	970	-	622	-
Other payables (Note 20)	1,101,594	6	1,421,979	7
Other payables to related parties (Note 30)	1,989	-	1,250	-
Current tax liabilities (Notes 4 and 25)	-	-	204,057	1
Lease liabilities - current (Notes 4 and 16)	5,958	-	3,088	-
Deferred revenue - current (Notes 20 and 27)	39,565	-	38,817	-
Current portion of long-term liabilities (Note 18)	1,875,612	10	890,785	5
Other current liabilities	67,648	-	39,206	-
Total current liabilities	4,768,275	25	4,335,711	22
NON-CURRENT LIABILITIES				
Bonds payable (Note 19)	-	-	1,183,273	6
Long-term borrowings (Note 18)	1,882,765	10	1,522,600	8
Deferred tax liabilities (Notes 4 and 25)	111,792	1	118,132	1
Lease liabilities - non-current (Notes 4 and 16)	6,714	-	3,399	-
Deferred revenue - non-current (Notes 20 and 27)	79,319	-	108,191	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	20,105	-	35,203	-
Guarantee deposits received	79,791	1	71,527	-
Total non-current liabilities	2,180,486	12	3,042,325	15
Total liabilities	6,948,761	37	7,378,036	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)				
Share capital				
Ordinary shares	3,097,570	17	3,097,570	16
Bond conversion entitlement certificates	9	-	-	-
Total share capital	3,097,579	17	3,097,570	16
Capital surplus	1,718,693	9	1,709,979	9
Retained earnings				
Legal reserve	2,243,247	12	1,946,812	10
Special reserve	143,071	1	-	-
Unappropriated earnings	5,198,793	27	5,861,917	29
Total retained earnings	7,585,111	40	7,808,729	39
Other equity				
Exchange differences on translating the financial statements of foreign operations	(582,706)	(3)	(450,523)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	54,939	-	307,453	1
Total other equity	(527,767)	(3)	(143,070)	(1)
Total equity	11,873,616	63	12,473,208	63
TOTAL	\$ 18,822,377	100	\$ 19,851,244	100

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Note 23)	\$ 10,850,402	100	\$ 13,169,688	100
COST OF GOODS SOLD (Note 24)	<u>(6,990,395)</u>	<u>(65)</u>	<u>(8,138,850)</u>	<u>(62)</u>
GROSS PROFIT	<u>3,860,007</u>	<u>35</u>	<u>5,030,838</u>	<u>38</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	446,702	4	527,312	4
General and administrative expenses	593,830	5	653,187	5
Research and development expenses	950,460	9	1,039,164	8
Expected credit loss gain reversal of trade receivables	<u>(6)</u>	<u>-</u>	<u>(39)</u>	<u>-</u>
Total operating expenses	<u>1,990,986</u>	<u>18</u>	<u>2,219,624</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,869,021</u>	<u>17</u>	<u>2,811,214</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	77,204	1	27,435	-
Other income (Note 24)	163,029	2	173,762	1
Other gains and losses (Note 24)	7,038	-	392,657	3
Finance costs (Note 24)	(57,619)	(1)	(48,847)	-
Shares of profits of associates and joint ventures (Note 14)	<u>4,573</u>	<u>-</u>	<u>17,126</u>	<u>-</u>
Total non-operating income and expenses	<u>194,225</u>	<u>2</u>	<u>562,133</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	2,063,246	19	3,373,347	25
INCOME TAX EXPENSE (Note 25)	<u>(349,544)</u>	<u>(3)</u>	<u>(567,843)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>1,713,702</u>	<u>16</u>	<u>2,805,504</u>	<u>21</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 3,030	-	\$ 11,609	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(24,632)	-	(902,903)	(7)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	<u>67</u>	<u>-</u>	<u>231</u>	<u>-</u>
	<u>(21,535)</u>	<u>-</u>	<u>(891,063)</u>	<u>(7)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(127,850)	(2)	106,056	1
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	<u>(4,333)</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
	<u>(132,183)</u>	<u>(2)</u>	<u>109,056</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>(153,718)</u>	<u>(2)</u>	<u>(782,007)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,559,984</u>	<u>14</u>	<u>\$ 2,023,497</u>	<u>15</u>
EARNINGS PER SHARE (Note 26)				
From continuing and discounted operations				
Basic	<u>\$ 5.53</u>		<u>\$ 9.06</u>	
Diluted	<u>\$ 5.33</u>		<u>\$ 8.68</u>	

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent							Others		Total Equity
	Shares (In Thousands)	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
		Ordinary Shares	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	309,757	\$ 3,097,570	\$ -	\$ 1,696,784	\$ 1,635,942	\$ 346,761	\$ 5,184,854	\$ (559,579)	\$ 1,357,362	\$ 12,759,694
Appropriation of 2021 earnings (Note 22)										
Legal reserve appropriated	-	-	-	-	310,870	-	(310,870)	-	-	-
Special reserve	-	-	-	-	-	(346,761)	346,761	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,323,178)	-	-	(2,323,178)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	2,805,504	-	-	2,805,504
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	11,872	109,056	(902,935)	(782,007)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,817,376	109,056	(902,935)	2,023,497
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	146,974	-	(146,974)	-
Donation from shareholders	-	-	-	280	-	-	-	-	-	280
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	12,915	-	-	-	-	-	12,915
BALANCE AT DECEMBER 31, 2022	309,757	3,097,570	-	1,709,979	1,946,812	-	5,861,917	(450,523)	307,453	12,473,208
Appropriation of 2022 earnings (Note 22)										
Legal reserve appropriated	-	-	-	-	296,435	-	(296,435)	-	-	-
Special reserve	-	-	-	-	-	143,071	(143,071)	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	-	(2,168,299)	-	-	(2,168,299)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	1,713,702	-	-	1,713,702
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	3,169	(132,183)	(24,704)	(153,718)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	1,716,871	(132,183)	(24,704)	1,559,984
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	227,810	-	(227,810)	-
Equity component of convertible bonds issued by the Company	1	-	9	91	-	-	-	-	-	100
Donation from shareholders	-	-	-	269	-	-	-	-	-	269
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	8,354	-	-	-	-	-	8,354
BALANCE AT DECEMBER 31, 2023	309,758	\$ 3,097,570	\$ 9	\$ 1,718,693	\$ 2,243,247	\$ 143,071	\$ 5,198,793	\$ (582,706)	\$ 54,939	\$ 11,873,616

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

TXC CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,063,246	\$ 3,373,347
Adjustments for:		
Depreciation expenses	1,210,381	1,225,810
Amortization expenses	17,790	22,825
Expected credit loss (reversed) recognized on trade receivables	(6)	(39)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(1,729)	(3,869)
Finance costs	57,619	48,847
Interest income	(77,204)	(27,435)
Dividend income	(12,561)	(11,486)
Share of profit of associates and joint ventures	(4,573)	(17,126)
Gain on disposal of property, plant and equipment	(1,527)	(7,560)
Impairment losses recognized on property, plant and equipment	3,234	1,749
Loss on disposal of non-current assets held for sale	-	249
Write-down of inventories	13,277	18,949
Gain on modifications of lease	(7)	-
Changes in operating assets and liabilities		
Notes receivable	(55,440)	(27,446)
Trade receivables	355,433	489,630
Trade receivables from related parties	1,474	21,043
Other receivables	33,728	39,857
Other receivables from related parties	(550)	536
Inventories	216,970	(265,192)
Other current assets	(11,194)	25,474
Contract liabilities - current	-	(10,774)
Trade payables	206,461	(787,821)
Trade payables to related parties	348	(1,518)
Other payables	(317,731)	(57,776)
Other payables to related parties	739	(2,245)
Other current liabilities	28,442	18,092
Net defined benefit liabilities	(11,310)	(12,074)
Deferred revenue	(32,077)	18,544
Cash generated from operations	3,683,233	4,072,591
Interest paid	(46,426)	(37,852)
Income tax paid	(583,324)	(684,306)
Net cash generated from operating activities	<u>3,053,483</u>	<u>3,350,433</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(204,378)	-
Proceeds from sale of financial assets/liabilities at fair value through profit or loss	-	334,526

(Continued)

TXC CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
Purchase of financial assets at fair value through other comprehensive income	\$ (40,435)	\$ (25,359)
Proceeds from sale of financial assets at fair value through other comprehensive income	299,306	178,498
Purchase of financial assets at amortized cost	-	(63,561)
Proceeds from sale of financial assets at amortized cost	38,095	-
Purchase of investments accounted for using the equity method	-	(11,185)
Proceeds from disposal of non-current assets held for sale	-	1,745
Payments for property, plant and equipment	(709,616)	(1,242,411)
Proceeds from disposal of property, plant and equipment	39,386	13,637
Payments for intangible assets	(13,394)	(23,748)
Decrease in other non-current assets	1,245	6,424
Decrease in finance lease receivables	4,367	-
Increase in prepayment for equipment	(253,481)	-
Interest received	76,843	27,338
Dividends received	<u>32,686</u>	<u>29,090</u>
Net cash used in investing activities	<u>(729,376)</u>	<u>(775,006)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(255,733)	(68,615)
Decrease in short-term borrowings	-	(88,631)
Proceeds from long-term borrowings	1,704,099	914,867
Repayments of long-term borrowings	(1,548,006)	(465,533)
Proceeds of guarantee deposits received	8,264	1,037
Repayment of the principal portion of lease liabilities	(26,152)	(3,051)
Dividends paid to owners of the company	(2,168,299)	(2,323,178)
Other changes in capital surplus	<u>269</u>	<u>280</u>
Net cash used in financing activities	<u>(2,285,558)</u>	<u>(2,032,824)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(56,890)</u>	<u>48,362</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,341)	590,965
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,222,610</u>	<u>3,631,645</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,204,269</u>	<u>\$ 4,222,610</u>

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality crystals and crystal oscillator (CXO) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, information and storage device, internet of things, vehicle electronics, telecommunication equipment, smart home, AI, medical care, and 5G, etc.

TXC’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

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

To ensure the rights and interests of investors through full disclosure of operational governance, the Company applied for the Corporate Governance Assessment held by the Taiwan Corporate Governance Association (TCGA). For the “Corporate Governance Evaluation” jointly held by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange, under the category of listed companies, the company was awarded as the top 20 percent in 2014, top 5 percent from 2015 to 2017, and top 6 to 20 percent from 2018 to 2022. The Company will continue to strengthen corporate governance with the intention to achieve international standards for protection of public interest. Since 2009, the Company prepared Corporate Social Responsibility Report in accordance with GRI Standards every year, officially established ESG Committee in 2021. Meanwhile, The Company prepared ESG Report to acquire the third party (BSI) certification, initially introduced TCFD and SASB, implemented sustainable development based on scientific methods which met international mainstream, and implementation of human rights equality, gender-friendly workplace and fulfilled the responsibilities as a global citizen. Moreover, the Company actively responds to climate change issues, had established an ISO50001 energy management system, completed the interrogation of ISO14064-1 organizational greenhouse gas, and had begun to implement the interrogation of ISO14067 product carbon footprint. The Company comprehensively applying systematic management methods, collecting and monitoring the energy data, and through self-consumption of electricity and renewable energy procurement, to promote the efficient implementation of energy conservation and emission reduction through multiple channels. All of the above are the efforts that The Company made to replace Corporate Social Responsibility Report to reinforce its operation sustainable development, the implement of energy saving and emission reducing, developing gender-friendly workplace, and fulfilling responsibilities for social benefit.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2024.

3. APPLICATION OF NEW, AMEND AND REVISED STANDARDS, AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New IFRS Accounting Standards	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

- 1) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, the suppliers are paid. The amendments stipulate that the Group shall disclose the relevant information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the Group's liabilities and cash flows and on the Group's exposure to liquidity risk.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC.

New IFRS Accounting Standards	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 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.

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

- d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

- Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the specific identification of cost on the balance sheet date.

- Properties for sale

Properties for sale is initially recorded at cost. The borrowing costs directly attributable to properties for sale are capitalized as part of the cost of the asset. When the property sales have been deemed as cost carried forward, cost is allocated by applying sales and building coverage ratios. Once selected, the same construction project cannot be changed in the preceding and following years.

The properties for sale are measured at the lower of cost and net realizable value. The net realizable value is the estimated selling prices of inventories less all estimated costs of completion and estimated costs necessary to make the sale.

g. Investments in associates

An associate is an entity over which the Group has a significant influence and is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets (excluding goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in other gains and losses does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and debt investments with no active market, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and repurchase agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

- Financial liabilities at FVTPL

Except the financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

b) Derecognition of financial liabilities

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

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of crystals frequency control devices and sensors. Sales of crystals frequency control devices and sensors are recognized as revenue when the goods are delivered to the customer's specific location, the goods are shipped and the goods are picked up by customers because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized as a reduction of the related costs and other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liability (asset)) are recognized as employee benefit expenses in the period they occur, when the plan amendment or curtailment occurs. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 852	\$ 1,179
Checking accounts and demand deposits	3,503,417	3,367,422
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	-	274,009
Repurchase agreements collateralized by bonds	<u>700,000</u>	<u>580,000</u>
	<u>\$ 4,204,269</u>	<u>\$ 4,222,610</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Demand deposits	0.001%-3.50%	0.001%-2.85%
Time deposits	1.25%-3.3%	0.98%-4.13%
Repurchase agreements collateralized by bonds	1.16%-1.26%	1.02%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts and exchange contracts (b)	<u>\$ 1,490</u>	<u>\$ 3,662</u>
Non-derivative financial assets		
Listed shares	-	20,350
Mutual funds	288	287
Hybrid financial assets		
Structured deposits (a)	<u>617,272</u>	<u>393,151</u>
	<u>617,560</u>	<u>413,788</u>
	<u>\$ 619,050</u>	<u>\$ 417,450</u>

Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts and exchange contracts (b)	<u>\$ 18,323</u>	<u>\$ 13,620</u>

- a. The Group entered into structured time deposit contract with Bank during the years ended December 31, 2023 and 2022. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

- b. At the end of the reporting period, outstanding foreign exchange contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2023</u>			
Knock-out forward	USD/RMB	2024.01.09-2024.02.19	USD6,000/RMB43,440
Exchange contracts	USD/NTD	2024.02.20-2024.05.02	USD31,000/NTD961,812
Exchange contracts	JPY/NTD	2024.01.10-2024.02.20	JPY400,000/NTD86,540
Sell	USD/RMB	2024.01.29	USD2,500/RMB18,124
<u>December 31, 2022</u>			
Sell	USD/RMB	2023.01.30-2023.04.26	USD10,000/RMB70,227
Sell	USD/JPY	2023.01.04-2023.01.10	USD2,500/JPY334,823
Exchange contracts	USD/NTD	2023.01.09-2023.03.29	USD29,000/NTD900,640
Foreign exchange forward contracts	USD/NTD	2023.01.10	USD3,000/NTD99,000

The Group entered into foreign exchange forward contracts and exchange contracts during the years ended December 31, 2023 and 2022 to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares		
UPI Semiconductor Corp.	\$ -	\$ 262,122
Emerging market shares		
Win Win Precision Technology Co., Ltd.	72,844	-
Unlisted shares	<u>68,056</u>	<u>213,170</u>
	<u>140,900</u>	<u>475,292</u>
Foreign investments		
Unlisted shares	<u>234,857</u>	<u>187,241</u>
	<u>\$ 375,757</u>	<u>\$ 662,533</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

On January 16, 2023, Win Win Precision Technology Co., Ltd.'s shares were listed on the emerging market of OTC. The transfer of fair value measurement level referred to Note 29.

In 2023 and 2022, the Group sold its shares in UPI Semiconductor Corp. in order to manage credit concentration risk. The shares sold had a fair value of \$299,306 thousand and \$178,498 thousand and its related unrealized gain of \$227,810 thousand and \$151,993 thousand was transferred from other equity to retained earnings.

In 2022, the Group disposed of QST Products LL's common stock, the related unrealized loss on financial assets at fair value through other comprehensive income of \$5,019 thousand was transferred to retained earnings as a reduction.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Pledge deposits (a)	\$ 99,349	\$ 70,259
Time deposits with original maturity of more than three months (b)	<u>-</u>	<u>281,718</u>
	<u>\$ 99,349</u>	<u>\$ 351,977</u>
<u>Non-current</u>		
Domestic investment		
Time deposits with original maturity of more than one year (b)	\$ 199,107	\$ -

a. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

b. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 2.9%-5.21% and 1.68%-4.125% per annum as of December 31, 2023 and 2022, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 87,571	\$ 32,131
Less: Allowance for impairment loss	<u>-</u>	<u>(6)</u>
	<u>\$ 87,571</u>	<u>\$ 32,125</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 3,181,222	\$ 3,538,129
Less: Allowance for impairment loss	<u>(13,442)</u>	<u>(13,497)</u>
	<u>\$ 3,167,780</u>	<u>\$ 3,524,632</u>

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The Group recognizes 100% loss allowance for trade receivables of greater than 120 days past due and unsecured.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix:

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.43%	0.003%-0.27%	0.62%-0.92%	100%	100%	
Gross carrying amount	\$ 3,110,079	\$ 158,631	\$ 83	\$ -	\$ -	\$ 3,268,793
Loss allowance (Lifetime ECL)	<u>(13,436)</u>	<u>(5)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(13,442)</u>
Amortized cost	<u>\$ 3,096,643</u>	<u>\$ 158,626</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,255,351</u>

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.30%	0.27%-2.84%	22.93%-34.39%	100%	100%	
Gross carrying amount	\$ 3,332,503	\$ 230,679	\$ 7,078	\$ -	\$ -	\$ 3,570,260
Loss allowance (Lifetime ECL)	<u>(10,032)</u>	<u>(1,037)</u>	<u>(2,434)</u>	<u>-</u>	<u>-</u>	<u>(13,503)</u>
Amortized cost	<u>\$ 3,322,471</u>	<u>\$ 229,642</u>	<u>\$ 4,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,556,757</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 13,503	\$ 13,494
Less: Impairment losses reversed	(6)	(39)
Foreign exchange gains and losses	<u>(55)</u>	<u>48</u>
Balance at December 31	<u>\$ 13,442</u>	<u>\$ 13,503</u>

11. FINANCE LEASE RECEIVABLES

	December 31	
	2023	2022
Undiscounted lease payments		
Year 1	\$ 4,391	\$ -
Year 2	4,611	-
Year 3	2,366	-
Year 4	-	-
Year 5	-	-
Year 5 onwards	<u>-</u>	<u>-</u>
	11,368	-
Less: Unearned finance income	<u>(575)</u>	<u>-</u>
Net investment in leases presented as finance lease receivable	<u>\$ 10,793</u>	<u>\$ -</u>

12. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 438,293	\$ 620,212
Work in process	525,589	446,386
Raw materials	643,939	769,022
Supplies and spare parts	145,700	137,716
Merchandise	482,495	475,972
Buildings and land held for sale	<u>233,977</u>	<u>250,413</u>
	<u>\$ 2,469,993</u>	<u>\$ 2,699,721</u>

The cost of crystal inventories recognized as cost of goods sold for 2023 and 2022 included \$6,977,345 thousand and \$8,066,061 thousand, respectively. The cost of goods sold for 2023 and 2022 included inventory write-downs of \$13,277 thousand and \$18,949 thousand, respectively.

The cost of real estate inventories recognized as cost of goods sold for 2023 and 2022 included \$13,050 thousand and \$72,789 thousand, respectively.

The construction in progress is the payment made by Chongqing Zhongyang Properties Co., Ltd. to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing Zhongyang Properties Co., Ltd. has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013. The construction began in 2018 and continued to recognize revenue was recognized after completion in April 2021.

The details of the building and land held for sale are as follows:

Area	December 31, 2023	
	Buildings and Land Held for Sale	Contract Liabilities - Current
Jing Yuan	<u>\$ 233,977</u>	<u>\$ 40</u>

Area	December 31, 2022	
	Buildings and Land Held for Sale	Contract Liabilities - Current
Jing Yuan	\$ 250,413	\$ 40

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2023	2022	
TXC Corporation (TXC)	Taiwan Crystal Technology International Limited (TCTI)	Investment management	100	100	a
	TXC Technology, Inc.	Marketing activities	100	100	b
	TXC Japan Corporation	Marketing activities	100	100	c
	Taiwan Crystal Technology (HK) Limited (TCT-HK)	International trading	100	100	e
Taiwan Crystal Technology International Limited	TXC Europe GmbH	Marketing activities	100	100	j
	TXC (Ningbo) Corporation (TXC-Ningbo)	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	d
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation (TXC-Chongqing)	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	f
	Chongqing Zhongyang Properties Co., Ltd. (Chongqing Zhongyang)	Properties development	100	100	g
	Ningbo Beilun Jingyu Trading Corporation (Beilun Jingyu)	International trading	100	100	h
	Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited (Ding Kai Investment)	Investment management	100	100	i
	TETC CORP. NINGBO (TETC-NINGBO)	Research and development, manufacture, and sale of quartz elements and related electronic products	100	100	l
	PT TXC TECHNOLOGY INDONESIA (tentative name)	Research and development, manufacture, and sale of quartz elements and related electronic products	-	-	n
	Chongqing Zhongyang Properties Co., Ltd.	ChongQing Dingsen Commercial Management Co., Ltd	Property management	100	100
TETC CORP. NINGBO	Shanghai JCH Co., Ltd (JCH)	Marketing activities and technical services	100	100	m

- a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.
- b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.
- c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.
- d. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.
- e. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.

- f. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China.
- g. Chongqing Zhongyang Properties Co., Ltd. was incorporated on February 14, 2011 in Chongqing, China.
- h. Ningbo Beilun Jingyu Trading Corporation was incorporated on September 7, 2011 in Ningbo, China.
- i. Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited was incorporated on May 12, 2017 in Beilun District, Ningbo, China.
- j. TXC Europe GmbH was founded in Germany on August 17, 2018.
- k. ChongQing Dingsen Commercial Management Co., Ltd. was incorporated on February 21, 2019 in Chongqing, China.
- l. TETC CORP. NINGBO was incorporated on December 30, 2020 in Ningbo, China.
- m. Shanghai JCH Co., Ltd. was registered on October 13, 2022 in Shanghai, China.
- n. The Group has approved to invest in PT TXC TECHNOLOGY INDONESIA (tentative name) on December 18, 2023. The proportion of ownership was 80%; as of December 31, 2023, it has not yet completed the capital injection.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in associates and join venture	<u>\$ 446,126</u>	<u>\$ 458,607</u>
a. Investment in associates		
	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 397,952</u>	<u>\$ 401,707</u>
	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit from continuing operations	\$ 20,756	\$ 24,867
Other comprehensive (loss) income	<u>(4,266)</u>	<u>3,230</u>
Total comprehensive income for the year	<u>\$ 16,490</u>	<u>\$ 28,097</u>

Refer to Table 4 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

b. Investment joint venture

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Joint ventures that are not individually material	<u>\$ 48,174</u>	<u>\$ 56,900</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Group's share of:		
Profit from continuing operations	<u>\$ (16,184)</u>	<u>\$ (7,742)</u>
Total comprehensive income for the year	<u>\$ (16,184)</u>	<u>\$ (7,742)</u>

Refer to Table 4 “name, locations, and related information of investees on which the Company exercises significant influence” and Table 5 “information on investment in mainland China” for the nature of activities, principal place of business and country of incorporation of the joint venture.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 621,855	\$ 2,279	\$ 2,728,943	\$ 9,699,052	\$ 21,149	\$ 387,266	\$ 13,137	\$ 13,473,681
Additions	-	745	48,796	1,053,663	4,063	50,457	84,687	1,242,411
Disposals	-	-	(17,836)	(95,597)	(1,116)	(14,292)	-	(128,841)
Transfer from investment properties	-	-	5,930	-	-	-	-	5,930
Transfer from prepayment for equipment	-	-	-	393,996	-	-	-	393,996
Effect of foreign currency exchange differences	-	-	16,158	76,204	258	3,900	(244)	96,276
Balance at December 31, 2022	<u>\$ 621,855</u>	<u>\$ 3,024</u>	<u>\$ 2,781,991</u>	<u>\$ 11,127,318</u>	<u>\$ 24,354</u>	<u>\$ 427,331</u>	<u>\$ 97,580</u>	<u>\$ 15,083,453</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 1,209	\$ 1,211,106	\$ 6,157,842	\$ 15,109	\$ 244,587	\$ -	\$ 7,629,853
Disposals	-	-	(17,836)	(90,446)	(597)	(13,885)	-	(122,764)
Depreciation expenses	-	372	149,840	999,813	2,442	46,031	-	1,198,498
Impairment losses	-	-	-	1,749	-	-	-	1,749
Transfer from investment properties	-	-	3,668	-	-	-	-	3,668
Effect of foreign currency exchange differences	-	-	6,929	42,922	183	2,673	-	52,707
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,581</u>	<u>\$ 1,353,707</u>	<u>\$ 7,111,880</u>	<u>\$ 17,137</u>	<u>\$ 279,406</u>	<u>\$ -</u>	<u>\$ 8,763,711</u>
Carrying value at December 31, 2022	<u>\$ 621,855</u>	<u>\$ 1,443</u>	<u>\$ 1,428,284</u>	<u>\$ 4,015,438</u>	<u>\$ 7,217</u>	<u>\$ 147,925</u>	<u>\$ 97,580</u>	<u>\$ 6,319,742</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 621,855	\$ 3,024	\$ 2,781,991	\$ 11,127,318	\$ 24,354	\$ 427,331	\$ 97,580	\$ 15,083,453
Additions	-	-	50,525	336,164	866	41,701	280,360	709,616
Disposals	-	-	(2,033)	(243,154)	(800)	(7,535)	(460)	(253,982)
Reclassified as an intangible assets	-	-	-	-	-	-	(1,845)	(1,845)
Reclassified	-	-	88,305	(4,071)	-	1,062	(88,496)	(3,200)
Effect of foreign currency exchange differences	-	-	(20,052)	(79,064)	(361)	(29,191)	(3,943)	(132,611)
Balance at December 31, 2023	<u>\$ 621,855</u>	<u>\$ 3,024</u>	<u>\$ 2,898,736</u>	<u>\$ 11,137,193</u>	<u>\$ 24,059</u>	<u>\$ 433,368</u>	<u>\$ 283,196</u>	<u>\$ 15,401,431</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 1,581	\$ 1,353,707	\$ 7,111,880	\$ 17,137	\$ 279,406	\$ -	\$ 8,763,711
Disposals	-	-	(2,033)	(206,250)	(800)	(7,040)	-	(216,123)
Depreciation expenses	-	317	135,230	975,057	2,806	47,494	-	1,160,904
Impairment losses	-	-	-	3,234	-	-	-	3,234
Reclassified	-	-	-	(80)	-	80	-	-
Effect of foreign currency exchange differences	-	-	(10,553)	(66,387)	(282)	(3,404)	-	(80,626)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,898</u>	<u>\$ 1,476,351</u>	<u>\$ 7,817,454</u>	<u>\$ 18,861</u>	<u>\$ 316,536</u>	<u>\$ -</u>	<u>\$ 9,631,100</u>
Carrying value at December 31, 2022 and January 1, 2023	<u>\$ 621,855</u>	<u>\$ 1,443</u>	<u>\$ 1,428,284</u>	<u>\$ 4,015,438</u>	<u>\$ 7,217</u>	<u>\$ 147,925</u>	<u>\$ 97,580</u>	<u>\$ 6,319,742</u>
Carrying value at December 31, 2023	<u>\$ 621,855</u>	<u>\$ 1,126</u>	<u>\$ 1,422,385</u>	<u>\$ 3,319,739</u>	<u>\$ 5,198</u>	<u>\$ 116,832</u>	<u>\$ 283,196</u>	<u>\$ 5,770,331</u>

Appendix1

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	5-7 years
Buildings	
Industrial building	3-51 years
Electrical power systems	3-51 years
Engineering systems	3-51 years
Equipment	
Major production equipments	3-15 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	4-5 years
Office equipment	3-5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 31.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land use right	\$ 191,831	\$ 199,547
Buildings	1,850	5,727
Transportation equipment	<u>2,559</u>	<u>710</u>
	<u>\$ 196,240</u>	<u>\$ 205,984</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 32,485</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land use right	\$ 4,615	\$ 4,654
Buildings	22,039	2,618
Transportation equipment	<u>619</u>	<u>448</u>
	<u>\$ 27,273</u>	<u>\$ 7,720</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (1,089)</u>	<u>\$ -</u>

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 31.

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Current	\$ 5,958	\$ 3,088
Non-current	<u>6,714</u>	<u>3,399</u>
	<u>\$ 12,672</u>	<u>\$ 6,487</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Buildings	1.27%-3.85%	0.86%-1.27%
Transportation equipment	3%	0.86%

c. Material lease-in activities and terms

The Group purchased the land use right for the construction of plants, offices and retail stores with use term of 50 years in mainland China and its payments was paid fully at the time of contract signed and can be renewed upon the expiration of the period. The Group does not have purchase options to acquire the land and buildings at the end of the contract.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 249</u>	<u>\$ 207</u>
Total cash outflow for leases	<u>\$ (26,401)</u>	<u>\$ (3,258)</u>

The Group leases certain buildings, which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2022	\$ 544,232
Disposals	(300)
Transfer from inventories	92,595
Transfer to property, plant and equipment	(5,930)
Effect of foreign currency exchange differences	<u>6,733</u>
Balance at December 31, 2022	<u>\$ 637,330</u>

(Continued)

	Completed Investment Properties
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (49,864)
Disposals	300
Transfer to property, plant and equipment	3,668
Depreciation expenses	(19,592)
Effect of foreign currency exchange differences	<u>(496)</u>
Balance at December 31, 2022	<u>\$ (65,984)</u>
Carrying amounts at December 31, 2022	<u>\$ 571,346</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 637,330
Transfer to inventories	(418)
Effect of foreign currency exchange differences	<u>(9,632)</u>
Balance at December 31, 2023	<u>\$ 627,280</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (65,984)
Depreciation expenses	(22,204)
Effect of foreign currency exchange differences	<u>1,150</u>
Balance at December 31, 2023	<u>\$ (87,038)</u>
Carrying amounts at December 31, 2023	<u>\$ 540,242</u> (Concluded)

The investment real estate held by the combined company is mainly located in Pingzhen District of Taoyuan City and Ningbo City, Mainland China, and some of the factories and offices are leased to collect rents. The other part of the investment real estate is located in Chongqing City, mainland China, and is mainly self-built shopping malls to collect rents.

The investment properties held by the Group are depreciated using the straight-line method over their useful lives of 3-60 years.

The fair value of the Group's investment properties as of December 31, 2023 and 2022 was \$1,077,690 thousand and \$1,085,198 thousand, respectively. The determination of fair value was not performed by independent qualified professional valuers; however, the management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were freehold properties. The investment properties pledged as collateral for bank borrowing are set out in Note 31.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 31)</u>		
Bank loans	\$ -	\$ 43,651
<u>Unsecured borrowings</u>		
Bank loans	190,500	359,869
Letters of credit	<u>51,118</u>	<u>110,230</u>
	<u>241,618</u>	<u>470,099</u>
Short-term borrowings	<u>\$ 241,618</u>	<u>\$ 513,750</u>

The interest rates on the bank loans and letters of credit were 2.83%-3.5% and 1.2%-3.65% per annum as of December 31, 2023 and 2022, respectively.

b. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 31)</u>		
Bank loans	\$ 216,966	\$ 39,180
Less: Current portions	<u>(43,394)</u>	<u>-</u>
	<u>173,572</u>	<u>39,180</u>
<u>Unsecured borrowings</u>		
Bank loans	2,347,591	2,374,205
Less: Current portions	<u>(638,398)</u>	<u>(890,785)</u>
	<u>1,709,193</u>	<u>1,483,420</u>
Long-term borrowings	<u>\$ 1,882,765</u>	<u>\$ 1,522,600</u>

The borrowings of the Group were as follows:

		December 31	
Detail of Borrowing		2023	2022
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	\$ 25,000	\$ 50,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	37,500	75,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	37,500	75,000

(Continued)

Appendix 1

		December 31	
		2023	2022
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.04.01 Principle is paid monthly since March 15, 2023	\$ 180,000	\$ 300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.04.15 Principle is paid monthly since May 15, 2023	133,333	200,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	72,000	168,000
Unsecured bank borrowing denominated in US\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	108,000	252,000
Unsecured bank borrowing denominated in US\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	36,000	84,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since March 15, 2021	26,087	52,174
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.04 Principle is repaid at maturity	100,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.04 Principle is repaid at maturity	200,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2026.08.17 Principle is paid monthly since September 15, 2022	133,333	183,333
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	-	100,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	-	300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	-	300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.08.03 Principle is repaid at maturity	300,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.08.03 Principle is repaid at maturity	300,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.04 Principle is repaid at maturity	300,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.10 Principle is repaid at maturity	300,000	-
Secured bank borrowing denominated in RMB	Maturity date: 2027.11.01 Principle is repaid semi-annually per agreement of RMB2,500 thousand, from April 19, 2024 to April 19, 2026; per agreement of RMB5,000 thousand, from April 19, 2026 to the maturity date	121,556	39,180

(Continued)

Appendix 1

		<u>December 31</u>	
		2023	2022
Secured bank borrowing denominated in RMB	Maturity date: 2027.10.19 Principle is repaid semi-annually per agreement of RMB2,500 thousand, from April 19, 2024 to April 19, 2026; per agreement of RMB5,000 thousand, from April 19, 2026 to the maturity date	\$ 95,409	\$ -
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.08.31 Principle is repaid semi-annually per agreement of RMB100 thousand, from November 30, 2022 to the maturity date.	-	43,210
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.09.08 Principle is repaid semi-annually per agreement of RMB100 thousand, from December 8, 2022 to the maturity date.	-	43,210
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.11.01 Principle is repaid semi-annually per agreement of RMB500 thousand, from February 1, 2023 to the maturity date.	-	43,651
Unsecured bank borrowing denominated in RMB	Maturity date: 2023.11.08 Principle is repaid semi-annually per agreement of RMB500 thousand, from February 8, 2023 to the maturity date.	-	43,210
Unsecured bank borrowing denominated in US\$	Maturity date: 2025.09.24 Principle is repaid at maturity	36,882	61,417
Unsecured bank borrowing denominated in RMB	Maturity date: 2025.04.02 Principle is repaid semi-annually per agreement of RMB266 thousand, from October 3, 2023 to the maturity date.	21,957	-
Less: Current portions		<u>(681,792)</u>	<u>(890,785)</u>
		<u>\$ 1,882,765</u>	<u>\$ 1,522,600</u> (Concluded)

The range of interest rate on the bank loans was 0.85%-6.47% and 0.725%-5.49% per annum as of December 31, 2023 and 2022, respectively.

19. BONDS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured domestic convertible bonds	\$ 1,199,900	\$ 1,200,000
Less: Discount on bonds payable	<u>(6,080)</u>	<u>(16,727)</u>
	1,193,820	1,183,273
Less: Corporate bonds due within one year or one operating cycle	<u>(1,193,820)</u>	<u>-</u>
Unsecured domestic convertible bonds	<u>\$ -</u>	<u>\$ 1,183,273</u>

On July 26, 2021, the Company issued the 5th domestic unsecured convertible bonds with an aggregate principal amount of \$1,200,000 thousand at 0% interest rate, and the issuance period is for three years from July 26, 2021 to July 26, 2024. The repayment will be made at face value in full by cash upon maturity. Bondholders are entitled to convert bonds into the Company's ordinary shares from October 27, 2021 to July 26, 2024. The conversion price was set initially at \$138 per share. According to the terms on this convertible bonds, the conversion price should be adjusted to \$113.6 per share starting from ex-dividend date of July 10, 2023.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 0.8961% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,427 thousand)	\$ 1,194,573
Equity component (less transaction costs allocated to the equity component of \$129 thousand)	(28,431)
Assets component	<u>2,040</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,298 thousand)	<u>\$ 1,168,182</u>
Liability component at December 31, 2021	\$ 1,172,721
Interest charged at an effective interest rate	<u>10,552</u>
Liability component at December 31, 2022	1,183,273
Interest charged at an effective interest rate	10,647
Convertible bonds converted into ordinary shares	<u>(100)</u>
Liability component at December 31, 2023	1,193,820
Less: Corporate bonds due within one year or one operating cycle	<u>(1,193,820)</u>
Unsecured domestic convertible bonds	<u>\$ -</u>

20. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for bonuses to employees and directors	\$ 276,024	\$ 393,658
Payables for commissions	17,840	25,232
Payables for salaries	151,979	147,661

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Payables for bonuses	\$ 435,278	\$ 506,933
Payables for annual leave	43,692	47,364
Payables for purchases of equipment	51,080	138,135
Others	<u>125,701</u>	<u>162,996</u>
	<u>\$ 1,101,594</u>	<u>\$ 1,421,979</u>
Deferred revenue		
Arising from government grants (Note 27)	<u>\$ 39,565</u>	<u>\$ 38,817</u>
<u>Non-current</u>		
Deferred revenue		
Arising from government grants (Note 27)	<u>\$ 79,319</u>	<u>\$ 108,191</u>

(Concluded)

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 9% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

Appendix 1

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 176,155	\$ 182,628
Fair value of plan assets	<u>(156,050)</u>	<u>(147,425)</u>
Net defined benefit liability	<u>\$ 20,105</u>	<u>\$ 35,203</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	<u>\$ 192,025</u>	<u>\$ (130,236)</u>	<u>\$ 61,789</u>
Service cost			
Current service cost	1,340	-	1,340
Past service cost loss (gain) on settlement	(458)	460	2
Net interest expense (income)	<u>1,200</u>	<u>(857)</u>	<u>343</u>
Recognized in profit or loss	<u>2,082</u>	<u>(397)</u>	<u>1,685</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,662)	(9,662)
Actuarial (gain) loss - changes in demographic assumptions	1,120	-	1,120
Actuarial (gain) loss - changes in financial assumptions	(7,329)	-	(7,329)
Actuarial (gain) loss - experience adjustments	<u>1,358</u>	<u>-</u>	<u>1,358</u>
Recognized in other comprehensive income	<u>(4,851)</u>	<u>(9,662)</u>	<u>(14,513)</u>
Contributions from the employer	-	(13,758)	(13,758)
Benefits paid	<u>(6,628)</u>	<u>6,628</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 182,628</u>	<u>\$ (147,425)</u>	<u>\$ 35,203</u>
Service cost			
Current service cost	\$ 945	\$ -	\$ 945
Past service cost	465	-	465
Past service cost loss (gain) on settlement	(340)	326	(14)
Net interest expense (income)	<u>2,739</u>	<u>(2,313)</u>	<u>426</u>
Recognized in profit or loss	<u>3,809</u>	<u>(1,987)</u>	<u>1,822</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(795)	(795)
Actuarial (gain) loss - changes in financial assumptions	4,099	-	4,099
Actuarial (gain) loss - experience adjustments	<u>(7,091)</u>	<u>-</u>	<u>(7,091)</u>
Recognized in other comprehensive income	<u>(2,992)</u>	<u>(795)</u>	<u>(3,787)</u>

(Continued)

Appendix 1

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Contributions from the employer	\$ -	\$ (13,133)	\$ (13,133)
Benefits paid	<u>(7,290)</u>	<u>7,290</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 176,155</u>	<u>\$ (156,050)</u>	<u>\$ 20,105</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of goods sold	\$ 960	\$ 880
Selling and marketing expenses	135	122
General and administrative expenses	272	243
Research and development expenses	<u>455</u>	<u>440</u>
	<u>\$ 1,822</u>	<u>\$ 1,685</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the (government/corporate) bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.25%	1.50%
Expected rate(s) of salary increase	2.50%	2.50%

Appendix 1

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will decrease/increase) as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate(s)		
0.25% increase	<u>\$ (4,090)</u>	<u>\$ (4,510)</u>
0.25% decrease	<u>\$ 4,237</u>	<u>\$ 4,679</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 4,110</u>	<u>\$ 4,551</u>
0.25% decrease	<u>\$ (3,989)</u>	<u>\$ (4,409)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
The expected contributions to the plan for the next year	<u>\$ 13,440</u>	<u>\$ 13,560</u>
The average duration of the defined benefit obligation	9.8 years	10.2 years

22. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>309,758</u>	<u>309,757</u>
Shares issued	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>

Bond conversion entitlement certificates

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares converted but registration change has not been completed (in thousands)	<u>1</u>	<u>-</u>
Shares converted but registration change has not been completed (in thousands)	<u>\$ 9</u>	<u>\$ -</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

The Company's 30,000 thousand shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
Issuance of ordinary shares	\$ 611,869	\$ 611,776
Conversion of bonds	977,028	977,028
Overdue options	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates or joint venture	23,981	15,627
Other	3,678	3,409
<u>May not be used for any purpose</u>		
Employee share options	<u>28,429</u>	<u>28,431</u>
	<u>\$ 1,718,693</u>	<u>\$ 1,709,979</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 24(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trends and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividends to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Appendix 1

When distributing the surplus, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other equity interests in accordance with legal provisions (e.g., exchange differences on the translation of financial statements of foreign operating institutions, accumulated balances of unrealized gains and losses on financial assets at fair value through other comprehensive income). If there is a subsequent decrease in the amount of deductions from other equity items, the decrease can be transferred back to unappropriated earnings from the special surplus reserve.

The appropriations of earnings for 2022 and 2021 were approved by the shareholders in their meetings on May 30, 2023 and May 31, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2022	For Fiscal Year 2021	For Fiscal Year 2022	For Fiscal Year 2021
Legal reserve	\$ 296,435	\$ 310,870	\$ -	\$ -
Recognition (reversal) of special reserve	143,071	(346,761)	-	-
Cash dividends	2,168,299	2,323,178	7.0	7.5

The appropriations of earnings for 2023, which were proposed by the board of directors on March 11, 2024 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 194,468	\$ -
Special reserve	384,696	-
Cash dividends	1,393,911	4.5

The appropriation of earnings for 2023 is subject to resolution by the shareholders in their meeting to be held on May 28, 2024.

d. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (450,523)	\$ (559,579)
Exchange differences on translating the financial statements of foreign operations	(127,850)	106,056
Share of exchange differences from associates accounted for using the equity method	<u>(4,333)</u>	<u>3,000</u>
Balance at December 31	<u>\$ (582,706)</u>	<u>\$ (450,523)</u>

Appendix 1

2) Unrealized gain (loss) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 307,453	\$ 1,357,362
Recognized during the period		
Unrealized loss - equity instruments	(24,632)	(902,903)
Share from associates accounted for using the equity method	<u>(72)</u>	<u>(32)</u>
Other comprehensive loss recognized in the period	<u>(24,704)</u>	<u>(902,935)</u>
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(227,810)</u>	<u>(146,974)</u>
Balance at December 31	<u>\$ 54,939</u>	<u>\$ 307,453</u>

23. REVENUE

	<u>For the Year Ended December 31</u>	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 10,827,498	\$ 13,104,001
Construction contract revenue	<u>22,904</u>	<u>65,687</u>
	<u>\$ 10,850,402</u>	<u>\$ 13,169,688</u>

Contract Balances

	<u>For the Year Ended December 31</u>	
	2023	2022
Trade receivables (Note 10)	<u>\$ 3,167,780</u>	<u>\$ 3,524,632</u>
Contract liabilities		
Construction of properties	\$ 40	\$ 40
Sale of goods	<u>31,550</u>	<u>12,116</u>
	<u>\$ 31,590</u>	<u>\$ 12,156</u>

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

24. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 55,738	\$ 13,398
Financial assets at amortized cost	8,931	10,516
Others	<u>12,535</u>	<u>3,521</u>
	<u>\$ 77,204</u>	<u>\$ 27,435</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Income from government grants	\$ 120,671	\$ 124,887
Dividends	12,561	11,486
Others	<u>29,797</u>	<u>37,389</u>
	<u>\$ 163,029</u>	<u>\$ 173,762</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loss on disposal of non-current assets held for sale	\$ -	\$ (249)
Gain on disposal of property, plant and equipment	1,527	7,560
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	1,729	3,869
Net foreign exchange gains	68,611	436,249
Property, plant and equipment impairment losses	(3,234)	(1,749)
Depreciation of investment properties	(22,204)	(19,592)
Gain on modifications of lease	7	-
Others	<u>(39,398)</u>	<u>(33,431)</u>
	<u>\$ 7,038</u>	<u>\$ 392,657</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 46,325	\$ 38,222
Interest on convertible bonds	10,647	10,552
Interest on lease liabilities	<u>647</u>	<u>73</u>
	<u>\$ 57,619</u>	<u>\$ 48,847</u>

Appendix 1

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 1,160,904	\$ 1,198,498
Investment properties	22,204	19,592
Right-of-use assets	27,273	7,720
Intangible assets	<u>17,790</u>	<u>22,825</u>
	<u>\$ 1,228,171</u>	<u>\$ 1,248,635</u>
An analysis of deprecation by function		
Operating costs	\$ 893,687	\$ 924,733
Operating expenses	294,490	281,485
Other gains and losses	<u>22,204</u>	<u>19,592</u>
	<u>\$ 1,210,381</u>	<u>\$ 1,225,810</u>
An analysis of amortization by function		
Operating costs	\$ 141	\$ 120
Operating expenses	<u>17,649</u>	<u>22,705</u>
	<u>\$ 17,790</u>	<u>\$ 22,825</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 116,912	\$ 117,200
Defined benefit plans	<u>1,822</u>	<u>1,685</u>
	<u>118,734</u>	<u>118,885</u>
Other employee benefits		
Payroll expense	2,256,542	2,552,911
Labor and health insurance	140,040	145,149
Others	<u>94,760</u>	<u>59,806</u>
	<u>2,491,342</u>	<u>2,757,866</u>
	<u>\$ 2,610,076</u>	<u>\$ 2,876,751</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,516,960	\$ 1,650,335
Operating expenses	<u>1,093,116</u>	<u>1,226,416</u>
	<u>\$ 2,610,076</u>	<u>\$ 2,876,751</u>

g. Employees' compensation and remuneration of directors for 2023 and 2022

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Company's board of directors on March 11, 2024 and March 6, 2023, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	<u>For the Year Ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Cash</u>	<u>Share</u>	<u>Cash</u>	<u>Share</u>
Employees' compensation	\$ 194,831	\$ -	\$ 330,344	\$ -
Remuneration of directors	32,472	-	55,057	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 368,140	\$ 559,719
Income tax on unappropriated earnings	6,418	19,766
Adjustments for prior year	<u>(7,090)</u>	<u>(22,162)</u>
	<u>367,468</u>	<u>557,323</u>
Deferred tax		
In respect of the current year	(12,879)	10,520
Adjustments for prior years	<u>(5,045)</u>	<u>-</u>
	<u>(17,924)</u>	<u>10,520</u>
Income tax expense recognized in profit or loss	<u>\$ 349,544</u>	<u>\$ 567,843</u>

Appendix 1

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 2,063,246</u>	<u>\$ 3,373,347</u>
Income tax expense calculated at the statutory rate	\$ 412,649	\$ 674,669
Tax effect of adjusting items:		
Non-deductible expenses in determining taxable income	3,995	8,768
Tax-exempt income	(6,664)	(7,271)
Deferred tax effect of earnings of subsidiaries	81,051	79,672
Income tax on unappropriated earnings	6,418	19,766
Unrecognized temporary differences	907	1,287
Unrecognized loss carryforwards	4,655	1,095
Investment tax credit	(84,715)	(124,274)
Effect of different tax rate of group entities operating in other jurisdictions	(56,617)	(54,647)
Adjustment for prior years' tax	(12,135)	(22,162)
Effect of tax rate changes	<u>-</u>	<u>(9,060)</u>
Income tax expense recognized in profit or loss	<u>\$ 349,544</u>	<u>\$ 567,843</u>
b. Income tax expense recognized in other comprehensive income		

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ (757)</u>	<u>\$ (2,904)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 17,525</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 204,057</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognize in Profit or Loss	Recognize in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Unrealized loss on inventories	\$ 8,435	\$ 328	\$ -	\$ (15)	\$ 8,748
Unrealized exchange loss	11,336	4,899	-	-	16,235
Payable for annual leave	8,063	(444)	-	(25)	7,594
Determine benefit obligation	9,403	(2,262)	(757)	-	6,384
Property, plant and equipment	2,677	486	-	(49)	3,114
Financial liabilities at fair value through profit or loss	4,009	941	-	-	4,950
Deferred revenue	11,273	1,294	-	(194)	12,373
Others	<u>6,075</u>	<u>1,862</u>	<u>-</u>	<u>(27)</u>	<u>7,910</u>
	<u>\$ 61,271</u>	<u>\$ 7,104</u>	<u>\$ (757)</u>	<u>\$ (310)</u>	<u>\$ 67,308</u>
<u>Deferred tax liabilities</u>					
Associates	\$ 79,518	\$ (2,024)	\$ -	\$ -	\$ 77,494
Financial assets at fair value through profit or loss	549	(321)	-	(6)	222
Property, plant and equipment	<u>38,065</u>	<u>(3,430)</u>	<u>-</u>	<u>(559)</u>	<u>34,076</u>
	<u>\$ 118,132</u>	<u>\$ (5,775)</u>	<u>\$ -</u>	<u>\$ (565)</u>	<u>\$ 111,792</u>

For the year ended December 31, 2022

	Opening Balance	Recognize in Profit or Loss	Recognize in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Unrealized loss on inventories	\$ 7,738	\$ 688	\$ -	\$ 9	\$ 8,435
Unrealized exchange loss	7	11,329	-	-	11,336
Payable for annual leave	7,701	335	-	27	8,063
Determine benefit obligation	14,722	(2,415)	(2,904)	-	9,403
Property, plant and equipment	3,045	(412)	-	44	2,677
Financial liabilities at fair value through profit or loss	1,882	2,100	-	27	4,009
Deferred revenue	10,437	695	-	141	11,273
Others	<u>4,447</u>	<u>1,597</u>	<u>-</u>	<u>31</u>	<u>6,075</u>
	<u>\$ 49,979</u>	<u>\$ 13,917</u>	<u>\$ (2,904)</u>	<u>\$ 279</u>	<u>\$ 61,271</u>
<u>Deferred tax liabilities</u>					
Associates	\$ 70,598	\$ 8,920	\$ -	\$ -	\$ 79,518
Unrealized loss on inventories	34	(34)	-	-	-
Financial assets at fair value through profit or loss	-	552	-	(3)	549
Property, plant and equipment	<u>22,824</u>	<u>14,999</u>	<u>-</u>	<u>242</u>	<u>38,065</u>
	<u>\$ 93,456</u>	<u>\$ 24,437</u>	<u>\$ -</u>	<u>\$ 239</u>	<u>\$ 118,132</u>

e. Income tax assessments

The income tax returns through 2021 had been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Profit for the period attributable to owners of the Company	\$ 1,713,702	\$ 2,805,504
Interest on convertible bonds after tax	<u>8,517</u>	<u>8,442</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,722,219</u>	<u>\$ 2,813,946</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares in the computation of basic earnings per share	309,757	309,757
Effect of potentially dilutive ordinary shares:		
Convertible bonds	10,563	9,764
Employees' compensation	<u>2,634</u>	<u>4,645</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>322,954</u>	<u>324,166</u>

The Group may settle the compensation paid to employees by cash or shares; therefore, the Group presumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. GOVERNMENT GRANTS

In 2022, the Group received a government grant of \$92,084 thousand for its investment of equipment. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

Fair value of financial instruments not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts and exchange contracts	\$ -	\$ 1,490	\$ -	\$ 1,490
Beneficiary certificate	288	-	-	288
Structured deposits	<u>-</u>	<u>617,272</u>	<u>-</u>	<u>617,272</u>
	<u>\$ 288</u>	<u>\$ 618,762</u>	<u>\$ -</u>	<u>\$ 619,050</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 18,323</u>	<u>\$ -</u>	<u>\$ 18,323</u>
Financial assets at FVTOCI				
Domestic emerging market shares	\$ 72,844	\$ -	\$ -	\$ 72,844
Domestic unlisted shares	-	-	68,056	68,056
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>234,857</u>	<u>234,857</u>
	<u>\$ 72,844</u>	<u>\$ -</u>	<u>\$ 302,913</u>	<u>\$ 375,757</u>

Appendix 1

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 20,350	\$ -	\$ -	\$ 20,350
Foreign exchange forward contracts and exchange contracts	-	3,662	-	3,662
Beneficiary certificate	287	-	-	287
Structured deposits	<u>-</u>	<u>393,151</u>	<u>-</u>	<u>393,151</u>
	<u>\$ 20,637</u>	<u>\$ 396,813</u>	<u>\$ -</u>	<u>\$ 417,450</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	<u>\$ -</u>	<u>\$ 13,620</u>	<u>\$ -</u>	<u>\$ 13,620</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 262,122	\$ -	\$ -	\$ 262,122
Domestic unlisted shares	-	-	213,170	213,170
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>187,241</u>	<u>187,241</u>
	<u>\$ 262,122</u>	<u>\$ -</u>	<u>\$ 400,411</u>	<u>\$ 662,533</u>

There were no transfers between Levels 1 and 2 in the current and prior periods of 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2023	\$ -	\$ 400,411
Purchases	-	40,435
Transfer to Level 1	-	(190,879)
Recognized in other comprehensive income beneficiary certificate	-	56,220
Effect of foreign currency exchange differences	<u>-</u>	<u>(3,274)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 302,913</u>

The fair value of these shares issued by Win Win Precision Technology Co., Ltd. was transferred from Level 3 to Level 1 since the shares were listed on the Taipei Exchange on January 16, 2023.

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2022	\$ -	\$ 310,824
Purchases	-	25,359
Reclassified from non-current assets held for sale	-	4,985
Recognized in other comprehensive income beneficiary certificate	-	55,745
Effect of foreign currency exchange differences	-	3,498
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 400,411</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period
Redemption options on convertible bonds	Binomial tree valuation model. Binomial tree valuation model was used to evaluate the observable closing price of the stocks, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group uses price-book ratio approach, comparing the net value per share with other public companies among similar industries or evaluating share price based on average price-book ratio of other competitors, to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The fair values of unlisted equity securities - ROC were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in increase in the fair value.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily at FVTPL (1)	\$ 619,050	\$ 417,450
Financial assets at amortized cost (2)	7,796,196	8,223,316
Financial assets at FVTOCI		
Equity instruments	375,757	662,533
<u>Financial liabilities</u>		
FVTPL		
Mandatorily as at FVTPL (3)	18,323	13,620
Amortized cost (4)	6,599,297	6,814,283

- 1) The balances included the carrying amount of beneficiary certificate, foreign exchange forward contracts and exchange contracts, structured deposits, redemption options on convertible bonds and investment of equity instruments.
- 2) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 3) The balances included the carrying amount of foreign exchange forward contract and exchange contracts.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, bonds payable, trade payables, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, notes receivables, trade receivables, other receivables, notes payables, trade payables, other payables, bonds payable, borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include foreign currency risk, interest rate risk, other price risk, credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 35).

Sensitivity analysis

The Group is mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and their adjusted their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact (i)		JPY Impact (ii)	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 29,011	\$ 33,590	\$ (6,328)	\$ (3,392)

- i. This was mainly attributable to the exposure on outstanding on USD monetary items, which were not hedged, at the end of the reporting period.
- ii. This was mainly attributable to the exposure on outstanding JPY monetary items, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group deposit and borrow funds at floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 941,596	\$ 1,164,521
Financial liabilities	2,107,241	3,474,901
Cash flow interest rate risk		
Financial assets	3,560,277	3,408,887
Financial liabilities	1,892,754	635,507

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/(decrease) by \$4,169 thousand and \$6,933 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liability. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities of \$8,529,625 thousand and \$6,774,251 thousand, respectively.

- Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	Weighted Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables		\$ 1,415,928	\$ -	\$ -	\$ -	\$ 1,415,928
Other payables		1,103,583	-	-	-	1,103,583
Lease liabilities	1.27%-3.85%	5,958	6,714	-	-	12,672
Variable interest rate liabilities	0.85%-1.55%	276,087	1,616,667	-	-	1,892,754
Fixed interest rate liabilities	2.83%-6.47%	1,841,143	222,708	43,390	-	2,107,241

December 31, 2022

	Weighted Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,209,119	\$ -	\$ -	\$ -	\$ 1,209,119
Other payables	-	1,423,229	-	-	-	1,423,229
Lease liabilities	0.86%-1.27%	3,088	3,399	-	-	6,487
Variable interest rate liabilities	0.725%-0.975%	248,087	354,087	33,333	-	635,507
Fixed interest rate liabilities	0.90%-5.49%	1,156,448	2,279,272	39,181	-	3,474,901

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

- Liquidity and interest rate risk tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ <u>1,739</u>	\$ <u>(13,381)</u>	\$ <u>(5,191)</u>	\$ _____	\$ _____

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ <u>(1,549)</u>	\$ <u>(9,097)</u>	\$ <u>688</u>	\$ _____	\$ _____

30. TRANSACTIONS WITH RELATED PARTY

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

- a. Related Party Name and Category

<u>Related Party Name</u>	<u>Related Party Category</u>
Tai-shing Electronics Components Corp.	Associate
TSE Technology (Ningbo) Co., Ltd.	Associate
EcLife Co., Ltd.	Other associate
Ningbo Longying Semiconductor Co., Ltd.	Other associate
PETER LIN	Chairman of the Company

- b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 30,284	\$ 73,936
Other associates	5,907	12,339
Chairman of the Company	<u>5,148</u>	<u>12,896</u>
	<u>\$ 41,339</u>	<u>\$ 99,171</u>

Selling prices and payment terms offered to related parties were similar with those offered to third parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Other associates	\$ <u>2,056</u>	\$ <u>2,873</u>

Purchase prices and payment terms offered by related parties were similar with those offered by third parties.

d. Operating expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Other associates	\$ <u>628</u>	\$ <u>2,033</u>

e. Commission revenue

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ <u>1,493</u>	\$ <u>1,505</u>

f. Rental revenue

Related Party	Location	Rent Collection	For the Year Ended December 31			
			2023	% to Total Account Balance	2022	% to Total Account Balance
Ningbo Xingmao Electron Technology Co., Ltd.	Building P5, 1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	\$ 4,521	-	\$ 4,558	-
Ningbo Longying Semiconductor Co., Ltd.	Building D4, No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	176	-	177	-
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan	Based on contract, and paid on a monthly basis	<u>3,568</u>	-	<u>3,518</u>	-
			\$ <u>8,265</u>		\$ <u>8,253</u>	

There is no significant difference in transaction terms between related parties and unrelated parties.

g. Receivables from related parties (excluding loans to related parties)

Related Party Category	December 31	
	2023	2022
Associates	\$ 7,405	\$ 8,171
Other associates	1,040	1,748
Less: Allowance for impairment loss	<u>(68)</u>	<u>(68)</u>
	\$ <u>8,377</u>	\$ <u>9,851</u>

The outstanding trade receivables from related parties are unsecured.

h. Payables to related parties (excluding loans from related parties)

Related Party Category	December 31	
	2023	2022
Other associates	\$ <u>970</u>	\$ <u>622</u>

The outstanding trade payables from related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

i. Other receivables from related parties

Related Party Category	December 31	
	2023	2022
Associates	\$ 1,192	\$ 635
Other	<u>1</u>	<u>8</u>
	\$ <u>1,193</u>	\$ <u>643</u>

j. Other payables to related parties

Related Party Category	December 31	
	2023	2022
Other associates	\$ 1,825	\$ 1,250
Chairman of the Company	<u>164</u>	<u>-</u>
	\$ <u>1,989</u>	\$ <u>1,250</u>

k. Prepayments for equipment

Related Party Category	December 31	
	2023	2022
Other associates	\$ <u>4,502</u>	\$ <u>4,357</u>

l. Acquisitions of property, plant and equipment

Related Party Category	Acquisition Amounts	
	2023	2022
Other associates	\$ <u>968</u>	\$ <u>16,106</u>

m. Lease arrangements - Group is lessee

Related Party Categories	December 31	
	2023	2022
<u>Acquisition of right-to-use assets</u>		
Chairman of the Company	\$ <u>5,716</u>	\$ <u>-</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. Unused letters of credit amounted to approximately JPY6,400 thousand as of December 31, 2023.
- b. On November 8, 2021, the board of directors of the Company approved its subsidiary TETC CORP. NINGBO to construct a plant project, with an estimated investment of RMB145,000 thousand. On April 19, 2022, the Company signed a construction contract. The total contract amount divided into paid and unpaid is as follows:

	Contract Amount (Tax Included)	Paid Amount (Tax Included)	Unpaid Amount (Tax Included)
Property, plant and equipment	<u>RMB 101,880</u>	<u>RMB 69,903</u>	<u>RMB 31,977</u>

- c. As of December 31, 2023, the Company unrecognized commitments were as follows:

	Contract Amount (Tax Excluded)	Paid Amount (Tax Excluded)	Unpaid Amount (Tax Excluded)
Acquisition of machinery and equipment	<u>\$ 490,554</u>	<u>\$ 212,157</u>	<u>\$ 278,397</u>
Acquisition of machinery and equipment	<u>RMB 112,621</u>	<u>RMB 24,688</u>	<u>RMB 87,933</u>
Acquisition of machinery and equipment	<u>JPY 392,700</u>	<u>JPY 112,110</u>	<u>JPY 280,590</u>
Acquisition of machinery and equipment	<u>USD 583</u>	<u>USD 193</u>	<u>USD 390</u>

33. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE**34. OTHER ITEMS**

On December 18, 2023, the Company's board of directors approved that TXC (Ningbo) Corporation establish a subsidiary named PT TXC TECHNOLOGY INDONESIA (tentative name), with an ownership percentage of 80%. The authorized capital is US\$20,000 thousand, and it is expected that US\$10,000 thousand will be injected into capital by the second quarter of 2024.

35. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities of entities in Group denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 91,758	30.7350 (USD:NTD)	\$ 2,820,182
USD	10,743	7.0827 (USD:RMB)	330,186
JPY	241,127	0.2173 (JPY:NTD)	52,397
JPY	39,564	0.0501 (JPY:RMB)	8,597
JPY	33,957	0.0071 (JPY:USD)	7,379

Financial liabilities

Monetary items			
USD	5,515	30.7350 (USD:NTD)	169,504
USD	2,596	7.0827 (USD:RMB)	79,788
JPY	1,541,190	0.2173 (JPY:NTD)	334,973
JPY	1,636,942	0.0501 (JPY:RMB)	355,707
JPY	48,361	0.0071 (JPY:USD)	10,509

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 139,256	30.7080 (USD:NTD)	\$ 4,276,273
USD	4,148	6.9646 (USD:RMB)	127,377
JPY	533,718	0.2324 (JPY:NTD)	124,036
JPY	306,521	0.0527 (JPY:RMB)	71,245
JPY	110,132	0.0076 (JPY:USD)	25,595

Financial liabilities

Monetary items			
USD	25,887	30.7080 (USD:NTD)	794,938
USD	8,133	6.9646 (USD:RMB)	249,748
JPY	1,338,747	0.2324 (JPY:NTD)	311,125
JPY	974,054	0.0527 (JPY:RMB)	226,370
JPY	97,085	0.0076 (JPY:USD)	22,563

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$68,611 thousand and \$436,249 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Lending funds to others. (None)
- 2) Providing endorsements or guarantees for others. (None)
- 3) Holding of securities at the end of the period. (Table 1)
- 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital or more. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Purchases or sales of goods or to related parties reaching least NT\$100 million or 20% of the paid-in capital. (Table 2)
- 8) Trade receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 9) Trading in derivative instruments. (Note 7)
- 10) Others: Intercompany relationships and significant intercompany transactions. (Table 7)

b. Information on investees. (Table 4)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 6)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a. Crystal segment

The chief operating decision maker see every crystal selling unit in Taiwan and China as an operating segment. While preparing the financial report, the Group considers the following reasons:

- 1) The similar gross profit between the selling units.
- 2) The similar product's nature and manufacturing process.
- 3) The same product's delivery type.

b. Real estate development segment

The department and sales of real estate, along with mall space leasing in Chongqing is considered a separate operating segment by the chief operating decision maker (CODM).

Segment revenue and results

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Crystal segment	\$ 10,827,498	\$ 13,104,001	\$ 1,882,543	\$ 2,804,395
Real estate development segment	22,904	65,687	(13,522)	6,819
Continuing operations	<u>\$ 10,850,402</u>	<u>\$ 13,169,688</u>	1,869,021	2,811,214
Interest income			77,204	27,435
Other income			163,029	173,762
Other gains and losses			7,038	392,657
Finance costs			(57,619)	(48,847)
Share of profit of associates and joint ventures for using the equity method			4,573	17,126
Profit before tax (continuing operations)			<u>\$ 2,063,246</u>	<u>\$ 3,373,347</u>

Appendix 1

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended December 31, 2023 and 2022.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, rental revenue, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

c. Revenue from major products and services

	2023	2022
Crystals	\$ 8,518,531	\$ 9,932,466
Oscillators	2,057,750	2,455,314
Construction contract revenue	22,904	65,687
Others	<u>251,217</u>	<u>716,221</u>
	<u>\$ 10,850,402</u>	<u>\$ 13,169,688</u>

d. Geographical information

The Group's operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 399,710	\$ 632,320	\$ 2,878,665	\$ 3,019,491
Asia	9,877,194	11,802,007	4,041,775	4,235,131
America	328,259	462,159	1,220	1,332
Europe	230,349	249,953	397	428
Others	<u>14,890</u>	<u>23,249</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,850,402</u>	<u>\$ 13,169,688</u>	<u>\$ 6,922,057</u>	<u>\$ 7,256,382</u>

Non-current assets included property, plant and equipment, intangible assets and other assets but excluded deferred tax assets and financial instruments.

e. Major customer information

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2023	2022
F Group	<u>\$ 2,101,830</u>	<u>\$ 2,502,897</u>

TABLE 1

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Godsmith Sensor Inc	None	Financial assets at fair value through other comprehensive income - non-current	800	\$ 3,672	4	\$ 3,672	
	RFIC Technology Corporation	TXC Corporation is a director of the Company	"	3,334	29,981	12	29,981	
	Gallopwave Inc.	"	"	6,250	34,403	8	34,403	
	<u>Stock - emerging shares</u> Win Win Precision Technology Co., Ltd.	None	"	1,788	72,844	3	72,844	
	<u>Shares overseas - unlisted company</u> Stathera IP Holdings Inc.	"	"	65	30,435	1	30,435	
					<u>\$ 171,335</u>		<u>\$ 171,335</u>	
TXC (Ningbo) Corporation	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	567	\$ 41,995	5	\$ 41,995	
TXC (Chongqing) Corporation	<u>Structured deposits</u> China Construction Bank	None	Financial assets at fair value through profit or loss - current	RMB 84,059	\$ 364,766	-	\$ 364,766	
	China Merchants Bank	"	"	RMB 15,056	65,334	-	65,334	
	China CITIC Bank	"	"	RMB 12,759	55,364	-	55,364	
	China Minsheng Bank	"	"	RMB 3,092	13,417	-	13,417	
	China Everbright Bank	"	"	RMB 10,039	43,562	-	43,562	
					<u>\$ 542,443</u>		<u>\$ 542,443</u>	
Ningbo Beilun Jingyu Trading Corporation	<u>Beneficiary certificate</u> Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 66	\$ 288	-	\$ 288	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,004	\$ 162,427	3	\$ 162,427	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Chongqing Zhongyang Properties Co., Ltd.	Structured deposits Chongqing Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 9,617	\$ 41,730	-	\$ 41,730	
	China Construction Bank Corporation	None	"	RMB 6,971	<u>30,251</u>	-	<u>30,251</u>	
					<u>\$ 71,981</u>		<u>\$ 71,981</u>	
ChongQing Dingsen Commercial Management Co., Ltd.	Structured deposits China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 656	<u>2,848</u>	-	<u>2,848</u>	

(Concluded)

TABLE 2

TXC CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	\$ 1,885,105	31	No significant differences with the third parties.	Its trading price depends on its function within the Group	No significant differences with the third parties.	\$ (427,317)	(27)		
	"	"	Sale	652,731	7	"			"	175,833	6	
	TXC (Chongqing) Corporation	"	Purchase	1,680,693	28	"			"	(540,231)	(34)	
	TETC CORP. NINGBO	"	Purchase	394,530	7	"			"	(101,648)	(6)	
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	"	Purchase	221,875	12	"	"	"	(73,895)	(11)		
	"	"	Sale	446,800	11	"	"	"	217,271	22		

TABLE 3**TXC CORPORATION AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	\$ 175,833	3.70	\$ -	-	\$ 91,877	\$ -
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	427,317	3.77	-	-	262,292	-
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	540,231	4.12	-	-	317,516	-
TETC CORP. NINGBO	TXC Corporation	Parent entity	101,648	4.43	-	-	57,775	-
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Subsidiary	217,271	3.78	-	-	45,668	-

TABLE 4

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 7,563,696	\$ 968,668	\$ 956,623	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	International trading	2,371	2,371	80	100.00	193,100	682	682	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	32,358	2,843	2,843	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	23,290	1,446	1,446	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	373,432	373,432	8,802	33.34	397,952	62,255	20,756	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	11,300	1,856	1,856	

TABLE 5

TXC CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or U.S. Dollars)**

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2023 (In Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (In Thousand)	Investee Company Current Net Income	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	\$ 2,350,052	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$ -	\$ -	\$ 1,427,630	\$ 968,692	100.0000	\$ 968,692	\$ 7,630,212	\$ 1,390,136
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	200,040	100.00	200,040	1,819,130	306,500
TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	433,440	Other investment of the Corporation in mainland China	-	-	-	-	325,299	100.00	325,299	1,244,942	-
Chongqing Zhongyang Properties Co., Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-	-	-	-	(25,883)	100.00	(25,883)	775,004	-
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-	-	-	-	(26)	100.00	(26)	6,086	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	246,257	Other investment of the Corporation in mainland China	-	-	-	-	(54,408)	29.37	(16,184)	48,174	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	1	100.00	1	162,694	-
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	4,390	Other investment of the Corporation in mainland China	-	-	-	-	(8)	100.00	(8)	(1,209)	-
Shanghai JCH Co., Ltd	Marketing activities and Technical Services	2,238	Other investment of the Corporation in mainland China	-	-	-	-	8,746	100.00	8,746	10,798	-

2. The limited amounts of the investment in mainland China

Accumulated Outward Remittance for Investments in mainland China as of December 31, 2023	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$ 1,427,630	\$ 2,350,052	\$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

TABLE 6**TXC CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY,
AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Related Party	Transaction Type	Purchase/Sale		Price	Transaction Details		Accounts/Notes Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	\$ 1,885,105	31	Its trading price depends on its function within the Group	Similar with third parties	Its trading price depends on its function within the Group	\$ (427,317)	(27)	\$ 30,702	
	TXC (Ningbo) Corporation	Sale	652,731	7	"	"	"	175,833	6	7,186	
	TXC (Chongqing) Corporation	Purchase	1,680,693	28	"	"	"	(540,231)	(34)	23,131	
	TETC CORP. NINGBO	Purchase	394,530	7	"	"	"	(101,648)	(6)	7,486	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None
4. Financing directly or indirectly provided to the investees: None
5. Other transactions that significantly impacted the current year's profit or loss or financial position: None

TABLE 7

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

For the year ended December 31, 2023

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions				
				Accounts	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)	
0	TXC Corporation	TXC (Ningbo) Corporation	a	Sales	\$ 652,731	a	6	
				Purchase	1,885,105	a	17	
				Trade receivables	175,833	a	1	
			TXC (Chongqing) Corporation	a	Trade payables	427,317	a	2
					Purchase	1,680,693	a	15
			TETC CORP. NINGBO	a	Trade payables	540,231	a	3
					Purchase	394,530	a	4
			Trade payables	101,648	a	1		
1	TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	c	Purchase	221,875	c	2	
				Sales	446,800	c	4	
				Trade receivables	217,271	c	1	
				Trade payables	73,895	c	-	

Note 1: a. Represent the transactions from parent company to subsidiary.
 c. Represent the transactions between subsidiaries.

Note 2: In 2023, the selling price and purchasing price were not significantly different from those of third parties, except those for TXC (Ningbo) Corporation, TXC (Chongqing) Corporation, TETC CORP. NINGBO and Taiwan Crystal Technology (HK) Limited which is depending on its function within the Group.

Note 3: The Company may decide whether to list the material transactions in this table according to the principle of materiality.

TXC Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TXC Corporation

Opinion

We have audited the accompanying parent company only financial statements of TXC Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public 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 for our opinion.

Key Audit Matters

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

The key audit matter identified in the Company's financial statements for the year ended December 31, 2023 is stated as follows:

For the year ended December 31, 2023, the Company's revenue was approximately 17% less compared to its revenue for the year ended December 31, 2022. In comparison with 2022, the revenue derived from specific customers increased; therefore, we considered the occurrence of revenue derived from specific customers as a key audit matter. For the accounting policy for revenue recognition, please refer to Note 4.

The key audit procedures that we performed included the following:

1. We obtained an understanding and tested the appropriateness of the design and the implementation of internal control system that is related to revenue recognition.

2. We selected samples from the revenue details of specific customers, checked the sales orders and delivery notes, and we confirmed the occurrence of the sales revenue.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 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 audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-Shiou Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2024

Notice to Readers

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

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

TXC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,972,837	11	\$ 2,375,033	13
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	-	-	20,350	-
Financial assets at amortized cost - current (Notes 4 and 9)	75,342	1	52,213	1
Notes receivable (Notes 4 and 10)	-	-	535	-
Trade receivables (Notes 4 and 10)	2,548,323	14	2,976,981	16
Trade receivables from related parties (Notes 4, 10 and 27)	219,990	1	214,000	1
Other receivables (Notes 4 and 10)	26,341	-	18,059	-
Other receivables from related parties (Notes 4 and 27)	7,828	-	370	-
Current tax assets (Notes 4 and 23)	74,030	1	-	-
Inventories (Notes 4 and 11)	1,466,069	8	1,471,204	8
Other current assets	14,911	-	9,797	-
Total current assets	<u>6,405,671</u>	<u>36</u>	<u>7,138,542</u>	<u>39</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	171,335	1	475,292	3
Investments accounted for using equity method (Notes 4 and 12)	8,221,696	46	7,750,691	42
Property, plant and equipment (Notes 4 and 13)	2,582,189	15	2,891,305	16
Right-of-use assets (Notes 4 and 14)	3,867	-	4,637	-
Investment properties (Notes 4 and 15)	17,225	-	18,589	-
Intangible assets (Note 4)	13,593	-	17,795	-
Deferred tax assets (Notes 4 and 23)	47,746	-	42,852	-
Prepayment for equipment	259,225	2	83,784	-
Refundable deposits	2,566	-	2,566	-
Total non-current assets	<u>11,319,442</u>	<u>64</u>	<u>11,287,511</u>	<u>61</u>
TOTAL	<u>\$ 17,725,113</u>	<u>100</u>	<u>\$ 18,426,053</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 26)	\$ 18,323	-	\$ 13,620	-
Trade payables	506,797	3	430,715	2
Trade payables to related parties (Note 27)	1,074,959	6	931,578	5
Other payables (Note 18)	625,593	4	867,361	5
Other payables to related parties (Note 27)	1,869	-	1,364	-
Current tax liabilities (Notes 4 and 23)	-	-	235,808	1
Lease liabilities - current (Notes 4 and 14)	2,270	-	3,088	-
Current portion of long-term liabilities (Note 16)	1,829,907	10	656,087	4
Other current liabilities	30,333	-	20,664	-
Total current liabilities	<u>4,090,051</u>	<u>23</u>	<u>3,160,285</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	-	-	1,183,273	6
Long-term borrowings (Note 16)	1,652,667	9	1,483,420	8
Deferred tax liabilities (Notes 4 and 23)	77,493	1	79,518	1
Lease liabilities - non-current (Notes 4 and 14)	1,631	-	1,596	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	20,105	-	35,203	-
Guarantee deposits received	9,550	-	9,550	-
Total non-current liabilities	<u>1,761,446</u>	<u>10</u>	<u>2,792,560</u>	<u>15</u>
Total liabilities	<u>5,851,497</u>	<u>33</u>	<u>5,952,845</u>	<u>32</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	3,097,570	17	3,097,570	17
Bond conversion entitlement	9	-	-	-
Total share capital	<u>3,097,579</u>	<u>17</u>	<u>3,097,570</u>	<u>17</u>
Capital surplus	<u>1,718,693</u>	<u>10</u>	<u>1,709,979</u>	<u>9</u>
Retained earnings				
Legal reserve	2,243,247	13	1,946,812	11
Special reserve	143,071	1	-	-
Unappropriated earnings	5,198,793	29	5,861,917	32
Total retained earnings	<u>7,585,111</u>	<u>43</u>	<u>7,808,729</u>	<u>43</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(582,706)	(3)	(450,523)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	54,939	-	307,453	2
Total other equity	<u>(527,767)</u>	<u>(3)</u>	<u>(143,070)</u>	<u>(1)</u>
Total equity	<u>11,873,616</u>	<u>67</u>	<u>12,473,208</u>	<u>68</u>
TOTAL	<u>\$ 17,725,113</u>	<u>100</u>	<u>\$ 18,426,053</u>	<u>100</u>

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

TXC CORPORATION**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
SALES (Note 21)	\$ 8,802,818	100	\$ 10,596,932	100
COST OF GOODS SOLD (Notes 11 and 22)	<u>6,791,972</u>	<u>77</u>	<u>7,414,935</u>	<u>70</u>
GROSS PROFIT	2,010,846	23	3,181,997	30
UNREALIZED GAIN ON ASSOCIATES/AND JOINT VENTURES	(9,266)	-	(9,767)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES/AND JOINT VENTURES	<u>9,767</u>	<u>-</u>	<u>8,662</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,011,347</u>	<u>23</u>	<u>3,180,892</u>	<u>30</u>
OPERATING EXPENSES (Notes 4 and 22)				
Selling and marketing expenses	235,954	3	265,891	2
General and administrative expenses	218,275	3	277,400	3
Research and development expenses	642,718	7	722,991	7
Expected credit gain	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,096,941</u>	<u>13</u>	<u>1,266,282</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>914,406</u>	<u>10</u>	<u>1,914,610</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	38,868	1	12,075	-
Other income (Notes 4 and 22)	26,055	-	36,439	-
Other gains and losses (Note 22)	11,296	-	344,928	3
Finance costs (Notes 4 and 22)	(37,349)	-	(23,287)	-
Share of profit of associates and joint ventures (Note 12)	<u>984,206</u>	<u>11</u>	<u>1,000,320</u>	<u>10</u>
Total non-operating income and expenses	<u>1,023,076</u>	<u>12</u>	<u>1,370,475</u>	<u>13</u>
PROFIT BEFORE INCOME TAX	1,937,482	22	3,285,085	31
INCOME TAX EXPENSE (Note 23)	<u>223,780</u>	<u>2</u>	<u>479,581</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>1,713,702</u>	<u>20</u>	<u>2,805,504</u>	<u>26</u>

(Continued)

TXC CORPORATION
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 3,030	-	\$ 11,609	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(45,086)	-	(853,288)	(8)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	<u>20,521</u>	<u>-</u>	<u>(49,384)</u>	<u>-</u>
	<u>(21,535)</u>	<u>-</u>	<u>(891,063)</u>	<u>(8)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(127,850)	(2)	106,056	1
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	<u>(4,333)</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
	<u>(132,183)</u>	<u>(2)</u>	<u>109,056</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>(153,718)</u>	<u>(2)</u>	<u>(782,007)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,559,984</u>	<u>18</u>	<u>\$ 2,023,497</u>	<u>19</u>
EARNINGS PER SHARE (Note 24)				
From continuing and discontinued operations				
Basic	<u>\$ 5.53</u>		<u>\$ 9.06</u>	
Diluted	<u>\$ 5.53</u>		<u>\$ 8.68</u>	

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

TXC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Others		Total Equity
	Shares (In Thousands)	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
		Ordinary Share	Bond Conversion Entitlement		Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	309,757	\$ 3,097,570	\$ -	\$ 1,696,784	\$ 1,635,942	\$ 346,761	\$ 5,184,854	\$ (559,579)	\$ 1,357,362	\$ 12,759,694
Appropriation of 2021 earnings (Note 21)										
Legal reserve	-	-	-	-	310,870	-	(310,870)	-	-	-
Special reserve	-	-	-	-	-	(346,761)	346,761	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,323,178)	-	-	(2,323,178)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	2,805,504	-	-	2,805,504
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	11,872	109,056	(902,935)	(782,007)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,817,376	109,056	(902,935)	2,023,497
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	146,974	-	(146,974)	-
Donations from shareholders	-	-	-	280	-	-	-	-	-	280
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	12,915	-	-	-	-	-	12,915
BALANCE AT DECEMBER 31, 2022	309,757	3,097,570	-	1,709,979	1,946,812	-	5,861,917	(450,523)	307,453	12,473,208
Appropriation of 2022 earnings (Note 21)										
Legal reserve	-	-	-	-	296,435	-	(296,435)	-	-	-
Special reserve	-	-	-	-	-	143,071	(143,071)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,168,299)	-	-	(2,168,299)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	1,713,702	-	-	1,713,702
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	3,169	(132,183)	(24,704)	(153,718)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	1,716,871	(132,183)	(24,704)	1,559,984
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	227,810	-	(227,810)	-
Convertible bond conversion	1	-	9	91	-	-	-	-	-	100
Donations from shareholders	-	-	-	269	-	-	-	-	-	269
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	-	8,354	-	-	-	-	-	8,354
BALANCE AT DECEMBER 31, 2023	309,758	\$ 3,097,570	\$ 9	\$ 1,718,693	\$ 2,243,247	\$ 143,071	\$ 5,198,793	\$ (582,706)	\$ 54,939	\$ 11,873,616

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

TXC CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,937,482	\$ 3,285,085
Adjustments for:		
Depreciation expenses	504,459	496,254
Amortization expenses	12,386	17,980
Expected credit loss reversed on trade receivables	(6)	-
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	11,779	19,124
Finance costs	37,349	23,287
Interest income	(38,868)	(12,075)
Dividend income	(12,561)	(11,486)
Share of profit of associates and joint ventures	(984,206)	(1,000,320)
Gain on disposal of property, plant and equipment	(1,091)	(6,679)
Loss on disposal of non-current assets held for sale	-	249
Write-down of inventories	13,573	17,468
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	9,266	9,767
Realized gain on the transactions with subsidiaries, associates and joint ventures	(9,767)	(8,662)
Gain on modifications of lease	(7)	-
Changes in operating assets and liabilities:		
Notes receivable	541	2,292
Trade receivables	428,658	406,678
Trade receivables from related parties	(5,990)	(53,345)
Other receivables	(7,801)	25,387
Other receivables from related parties	(7,458)	5
Inventories	(8,438)	(143,760)
Other current assets	(5,114)	18,189
Trade payables	76,082	(177,181)
Trade payables to related parties	143,381	(89,205)
Other payables	(239,169)	(75,696)
Other payables to related parties	505	(2,500)
Other current liabilities	9,669	7,732
Net defined benefit liabilities	(11,310)	(12,074)
Cash generated from operations	1,853,344	2,736,514
Interest paid	(26,101)	(12,223)
Income taxes paid	(541,295)	(551,369)
Net cash generated from operating activities	<u>1,285,948</u>	<u>2,172,922</u>

(Continued)

TXC CORPORATION**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	\$ -	\$ (26,157)
Proceeds from sale of financial assets at fair value through profit or loss	13,274	-
Purchase of financial assets at fair value through other comprehensive income	(40,435)	(25,359)
Proceeds from sale of financial assets at fair value through other comprehensive income	299,306	178,498
Purchase of financial assets at amortized cost	(23,083)	-
Proceeds from sale of financial assets at amortized cost	-	6,033
Proceeds from disposal of non-current assets held for sale	-	1,745
Payments for property, plant and equipment	(197,244)	(535,481)
Proceeds from disposal of property, plant and equipment	4,393	6,825
Payments for intangible assets	(8,184)	(20,585)
Increase in prepayment for equipment	(175,441)	-
Interest received	38,507	11,978
Dividend received from associates	390,150	353,760
Other dividends received	<u>32,686</u>	<u>29,090</u>
Net cash generated from (used in) investing activities	<u>333,929</u>	<u>(19,653)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	1,500,000	700,000
Repayments of long-term borrowings	(1,350,753)	(418,754)
Repayments of principle portion of lease liabilities	(3,243)	(3,052)
Dividends paid to owners of the company	(2,168,299)	(2,323,178)
Other changes in capital surplus	<u>269</u>	<u>280</u>
Net cash used in financing activities	<u>(2,022,026)</u>	<u>(2,044,704)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(47)</u>	<u>(4,525)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(402,196)	104,040
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,375,033</u>	<u>2,270,993</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,972,837</u>	<u>\$ 2,375,033</u>

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

(Concluded)

TXC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

TXC Corporation (the “Company”) was incorporated in the Republic of China (ROC) on December 28, 1983.

TXC specializes in producing high quality crystals and crystal oscillator (CXO) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, information and storage device, internet of things, vehicle electronics, telecommunication equipment, smart home, AI, medical care, and 5G, etc.

TXC’s shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

To ensure the rights and interests of investors through full disclosure of operational governance, the Company applied for the Corporate Governance Assessment held by the Taiwan Corporate Governance Association (TCGA). For the “Corporate Governance Evaluation” jointly held by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange, under the category of listed companies, the company was awarded as the top 20 percent in 2014, top 5 percent from 2015 to 2017, and top 6 to 20 percent from 2018 to 2022. The Company will continue to strengthen corporate governance with the intention to achieve international standards for protection of public interest. Since 2009, the Company prepared Corporate Social Responsibility Report in accordance with GRI Standards every year, officially established ESG Committee on 2021. Meanwhile, The Company prepared ESG Report to acquire the third party (BSI) certification, initially introduced TCFD and SASB, implemented sustainable development based on scientific methods which met international mainstream, and implementation of human rights equality, gender-friendly workplace and fulfilled the responsibilities as a global citizen. Moreover, the Company actively responds to climate change issues, had established an ISO50001 energy management system, completed the interrogation of ISO14064-1 organizational greenhouse gas, and had begun to implement the interrogation of ISO14067 product carbon footprint. The Company comprehensively applying systematic management methods, collecting and monitoring the energy data, and through self-consumption of electricity and renewable energy procurement, to promote the efficient implementation of energy conservation and emission reduction through multiple channels. All of the above are the efforts that The Company made to replace Corporate Social Responsibility Report to reinforce its operation sustainable development, the implement of energy saving and emission reducing, developing gender-friendly workplace, and fulfilling responsibilities for social benefit.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors on March 11, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024.

New IFRS Accounting Standards	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

- 1) Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in such a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the

classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, the suppliers are paid. The amendments stipulate that the Company shall disclose the relevant information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the Company's liabilities and cash flows and on the Company's exposure to liquidity risk.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC.

New IFRS Accounting Standards	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 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.

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the specific identification of cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has a significant influence and is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, and intangible assets (excluding goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, note and trade receivables at amortized cost, other receivables, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits and repurchase agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method.

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

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

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of crystals frequency control devices and sensors. Sales of crystals frequency control devices and sensors are recognized as revenue when the goods are delivered to the customer's specific location, the goods are shipped and the goods are picked up by customers because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized as a reduction of the related costs and other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liabilities (assets)) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

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

Where current tax or deferred tax arises from the initial accounting for a business combination and the acquisition of a subsidiary, the tax effect is included in the accounting for the business combination and investments in a subsidiary.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 640	\$ 959
Checking accounts and demand deposits	1,272,197	1,520,065
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	-	274,009
Repurchase agreements collateralized by bonds	<u>700,000</u>	<u>580,000</u>
	<u>\$ 1,972,837</u>	<u>\$ 2,375,033</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Demand deposits	0.001%-3.5%	0.001%-2.85%
Time deposits	-	0.98%-3.98%
Repurchase agreements collateralized by bonds	1.16%-1.26%	1.02%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ -	\$ 20,350
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts and exchange contracts (a)	\$ 18,323	\$ 13,620

At the end of the reporting period, outstanding foreign exchange forward contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2023</u>			
Knock-out forward	USD/RMB	2024.01.09-2024.02.19	USD6,000/RMB43,440
Exchange contracts	USD/NTD	2024.02.20-2024.05.02	USD31,000/NTD961,812
Exchange contracts	JPY/NTD	2024.01.10-2024.02.20	JPY400,000/NTD86,540

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	USD/JPY	2023.01.04-2023.01.10	USD2,500/JPY334,823
Exchange contracts	USD/NTD	2023.01.09-2023.03.29	USD29,000/NTD900,640
Foreign exchange forward contracts	USD/NTD	2023.01.10	USD3,000/NTD99,000
			(Concluded)

The Company entered into foreign exchange forward contracts and exchange contracts during the years ended December 31, 2023 and 2022 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. Those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares		
UPI Semiconductor Corp.	\$ -	\$ 262,122
Emerging market shares		
Win Win Precision Technology Co., Ltd.	72,844	-
Unlisted shares	68,056	213,170
Foreign investments		
Unlisted shares	<u>30,435</u>	<u>-</u>
	<u>\$ 171,335</u>	<u>\$ 475,292</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

On January 16, 2023, Win Win Precision Technology Co., Ltd.'s shares were listed on the emerging market of OTC. The transfers of fair value measurement level referred to Note 26.

In 2023 and 2022, the Company sold its shares in UPI Semiconductor Corp. in order to manage credit concentration risk in a fair value of \$299,306 thousand and \$178,498 thousand and its related unrealized gain of \$227,810 thousand and \$151,993 thousand was transferred from other equity to retained earnings.

In 2022, the subsidiary, TXC Technology Inc., disposed of QST Products LL's common stock, and the related unrealized loss on financial assets at fair value through other comprehensive income of \$5,019 thousand was transferred to retained earnings as a reduction.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Pledge deposits	\$ <u>75,342</u>	\$ <u>52,213</u>

* Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 541
Less: Allowance for impairment loss	<u>-</u>	<u>(6)</u>
	<u>\$ -</u>	<u>\$ 535</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,778,366	\$ 3,201,034
Less: Allowance for impairment loss	<u>(10,053)</u>	<u>(10,053)</u>
	<u>\$ 2,768,313</u>	<u>\$ 3,190,981</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 25,166	\$ 17,526
Others	<u>1,175</u>	<u>533</u>
	<u>\$ 26,341</u>	<u>\$ 18,059</u>

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

Appendix 2

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The Company recognizes 100% loss allowance for trade receivables of greater than 120 days past due and unsecured.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.38%	0.02%-0.06%	0.65%-0.98%	100%	100%	
Gross carrying amount	\$ 2,665,357	\$ 112,926	\$ 83	\$ -	\$ -	\$ 2,778,366
Loss allowance (Lifetime ECL)	<u>(10,030)</u>	<u>(22)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(10,053)</u>
Amortized cost	<u>\$ 2,655,327</u>	<u>\$ 112,904</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,768,313</u>

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.01%	0.23%-3.53%	21%	31.5%	100%	
Gross carrying amount	\$ 3,012,861	\$ 188,714	\$ -	\$ -	\$ -	\$ 3,201,575
Loss allowance (Lifetime ECL)	<u>(9,309)</u>	<u>(750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,059)</u>
Amortized cost	<u>\$ 3,003,552</u>	<u>\$ 187,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,191,516</u>

The movements of the loss allowance of trade receivables were as follows:

	December 31	
	2023	2022
Balance at January 1	\$ 10,059	\$ 10,059
Less: Impairment losses reversed	<u>(6)</u>	<u>-</u>
Balance at December 31	<u>\$ 10,053</u>	<u>\$ 10,059</u>

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 240,845	\$ 348,318
Work in process	272,310	202,994
Raw materials	337,617	365,711
Supplies and spare parts	118,584	105,999
Merchandise	475,460	418,403
Inventory in transit	<u>21,253</u>	<u>29,779</u>
	<u>\$ 1,466,069</u>	<u>\$ 1,471,204</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$6,791,972 thousand and \$7,414,935 thousand, respectively. The cost of goods sold for the 2023 and 2022 included inventory write-downs of \$13,573 thousand and \$17,468 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 7,823,744	\$ 7,348,984
Investments in associates	<u>397,952</u>	<u>401,707</u>
	<u>\$ 8,221,696</u>	<u>\$ 7,750,691</u>

Investments in Subsidiaries

	December 31	
	2023	2022
Unlisted companies		
Taiwan Crystal Technology International Limited.	\$ 7,563,696	\$ 7,094,310
TXC Technology Inc.	23,290	21,826
TXC Japan Corporation	32,358	31,590
Taiwan Crystal Technology (HK) Limited	193,100	192,258
TXC Europe GmbH	<u>11,300</u>	<u>9,000</u>
	<u>\$ 7,823,744</u>	<u>\$ 7,348,984</u>

The proportion of the Company's ownership was as follows:

	December 31	
	2023	2022
<u>Unlisted stock</u>		
Taiwan Crystal Technology International Ltd.	100	100
TXC Technology Inc.	100	100
TXC Japan Corporation	100	100
Taiwan Crystal Technology (HK) Limited	100	100
TXC Europe GmbH	100	100

Investments in Associates

	December 31	
	2023	2022
Associate that is not individually material	<u>\$ 397,952</u>	<u>\$ 401,707</u>
	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Profit from continuing operations	\$ 20,756	\$ 24,867
Other comprehensive (loss) income	<u>(4,266)</u>	<u>3,230</u>
Total comprehensive income for the year	<u>\$ 16,490</u>	<u>\$ 28,097</u>

Refer to Table 4 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transpo- rtation Equipment	Office Equipment	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 621,855	\$ 2,279	\$ 1,564,251	\$ 3,974,328	\$ 1,534	\$ 113,969	\$ 6,278,216
Additions	-	745	45,750	469,174	-	19,812	535,481
Disposals	-	-	(17,836)	(25,614)	-	(10,780)	(54,230)
Transfer from prepayment for equipment	-	-	-	226,294	-	-	226,294
Balance at December 31, 2022	<u>\$ 621,855</u>	<u>\$ 3,024</u>	<u>\$ 1,592,165</u>	<u>\$ 4,644,182</u>	<u>\$ 1,534</u>	<u>\$ 123,001</u>	<u>\$ 6,985,761</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 1,210	\$ 684,982	\$ 2,879,698	\$ 1,310	\$ 89,530	\$ 3,656,730
Disposals	-	-	(17,836)	(25,468)	-	(10,780)	(54,084)
Depreciation expenses	-	372	75,777	403,865	149	11,647	491,810
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,582</u>	<u>\$ 742,923</u>	<u>\$ 3,258,095</u>	<u>\$ 1,459</u>	<u>\$ 90,397</u>	<u>\$ 4,094,456</u>
Carrying value at December 31, 2022	<u>\$ 621,855</u>	<u>\$ 1,442</u>	<u>\$ 849,242</u>	<u>\$ 1,386,087</u>	<u>\$ 75</u>	<u>\$ 32,604</u>	<u>\$ 2,891,305</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 621,855	\$ 3,024	\$ 1,592,165	\$ 4,644,182	\$ 1,534	\$ 123,001	\$ 6,985,761
Additions	-	-	42,677	152,398	866	1,303	197,244
Disposals	-	-	(2,033)	(78,687)	(790)	(1,930)	(83,440)
Reclassified	-	-	-	(3,200)	-	-	(3,200)
Balance at December 31, 2023	<u>\$ 621,855</u>	<u>\$ 3,024</u>	<u>\$ 1,632,809</u>	<u>\$ 4,714,693</u>	<u>\$ 1,610</u>	<u>\$ 122,374</u>	<u>\$ 7,096,365</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 1,582	\$ 742,923	\$ 3,258,095	\$ 1,459	\$ 90,397	\$ 4,094,456
Disposals	-	-	(2,033)	(75,385)	(790)	(1,930)	(80,138)
Depreciation expenses	-	317	65,420	421,916	89	12,116	499,858
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,899</u>	<u>\$ 806,310</u>	<u>\$ 3,604,626</u>	<u>\$ 758</u>	<u>\$ 100,583</u>	<u>\$ 4,514,176</u>
Carrying value at December 31, 2023	<u>\$ 621,855</u>	<u>\$ 1,125</u>	<u>\$ 826,499</u>	<u>\$ 1,110,067</u>	<u>\$ 852</u>	<u>\$ 21,791</u>	<u>\$ 2,582,189</u>

Appendix 2

There was no impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	5-7 years
Buildings	
Industrial building	3-51 years
Electrical power systems	3-51 years
Engineering systems	3-51 years
Equipment	
Major production equipments	2-15 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	5 years
Office equipment	2-6 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Buildings	\$ 1,309	\$ 3,926
Transportation equipment	<u>2,558</u>	<u>711</u>
	<u>\$ 3,867</u>	<u>\$ 4,637</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 2,878</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 2,618	\$ 2,618
Transportation equipment	<u>619</u>	<u>449</u>
	<u>\$ 3,237</u>	<u>\$ 3,067</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ 2,270	\$ 3,088
Non-current	<u>1,631</u>	<u>1,596</u>
	<u>\$ 3,901</u>	<u>\$ 4,684</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	2023	2022
Buildings	1.27%	0.86%-1.27%
Transportation equipment	3%	0.86%

c. Material lease-in activities and terms

The Company leases certain warehouses in economic zone with lease term of 3 years, and leases car for business use with lease term of 3 years for the nine months ended September 30, 2023. The Company does not have a bargain purchase option to acquire the leased warehouse at the expire of the lease period.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	2023	2022
Expenses relating to short-term leases	<u>\$ 249</u>	<u>\$ 207</u>
Total cash outflow for leases	<u>\$ (3,492)</u>	<u>\$ (3,259)</u>

The Company leases certain building which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2022	\$ 28,877
Additions	-
Disposals	<u>(300)</u>
Balance at December 31, 2022	<u>\$ 28,577</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (8,911)
Disposals	300
Depreciation expenses	<u>(1,377)</u>
Balance at December 31, 2022	<u>\$ (9,988)</u>
Carrying amounts at December 31, 2022	<u>\$ 18,589</u>

(Continued)

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2023	\$ 28,577
Additions	-
Disposals	<u>-</u>
Balance at December 31, 2023	<u>\$ 28,577</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (9,988)
Disposals	-
Depreciation expenses	<u>(1,364)</u>
Balance at December 31, 2023	<u>\$ (11,352)</u>
Carrying amounts at December 31, 2023	<u>\$ 17,225</u> (Concluded)

The investment properties are depreciated using the straight-line method over their estimated useful lives of 3-51 years.

The fair value of the Company's investment properties as of December 31, 2023 and 2022 was \$57,577 thousand and \$52,963 thousand, respectively. The determination of fair value valuation had not been performed by independent qualified professional valuers; however, the management of the Company had used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Company's investment properties were freehold properties.

16. BORROWINGS

Long-term Borrowings

	<u>December 31</u>	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 2,288,754	\$ 2,139,507
Less: Current portions	<u>(636,087)</u>	<u>(656,087)</u>
Long-term borrowings	<u>\$ 1,652,667</u>	<u>\$ 1,483,420</u>

The borrowings of the Company were as follows:

	Detail of Borrowing	December 31	
		2023	2022
Floating rate borrowings			
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since March 15, 2021	\$ 26,087	\$ 52,174
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	37,500	75,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	25,000	50,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.01.03 Principle is paid monthly since January 15, 2021	37,500	75,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2026.08.17 Principle is paid monthly since September 15, 2022	133,333	183,333
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	-	100,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	108,000	252,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	36,000	84,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.09.15 Principle is paid monthly since September 15, 2022	72,000	168,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	-	300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.04.01 Principle is paid monthly since March 15, 2023	180,000	300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2024.08.03 Principle is repaid at maturity	-	300,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.04.15 Principle is paid monthly since May 15, 2023	133,334	200,000
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.04 Principle is repaid at maturity	100,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.04 Principle is repaid at maturity	200,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.08.03 Principle is repaid at maturity	300,000	-
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.08.03 Principle is repaid at maturity	300,000	-

(Continued)

		<u>December 31</u>	
		2023	2022
Detail of Borrowing			
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.04 Principle is repaid at maturity	\$ 300,000	\$ -
Unsecured bank borrowing denominated in NT\$	Maturity date: 2025.07.10 Principle is repaid at maturity	300,000	-
Less: Current portions		<u>(636,087)</u>	<u>(656,087)</u>
		<u>\$ 1,652,667</u>	<u>\$ 1,483,420</u> (Concluded)

The interest rate on the line of credit was 0.85%-1.55% and 0.725%-1.35% annum as of December 31, 2023 and 2022, respectively.

17. BONDS PAYABLE

	<u>December 31</u>	
	2023	2022
Unsecured domestic convertible bonds	\$ 1,199,900	\$ 1,200,000
Less: Discount on bonds payable	<u>(6,080)</u>	<u>(16,727)</u>
	1,193,820	1,183,273
Less: Corporate bonds due within one year or one operating cycle	<u>(1,193,820)</u>	<u>-</u>
Unsecured domestic convertible bonds	<u>\$ -</u>	<u>\$ 1,183,273</u>

On July 26, 2021, the Company issued the 5th domestic unsecured convertible bonds with an aggregate principal amount of \$1,200,000 thousand at 0% interest rate, and the issuance period is for three years from July 26, 2021 to July 26, 2024. The repayment will be made at face value in full by cash upon maturity. Bondholders are entitled to convert bonds into the Company's ordinary shares from October 27, 2021 to July 26, 2024. The conversion price was set initially at \$138 per share. According to the regulations on issuance and conversion of bonds, the conversion price should be adjusted to \$113.6 per share ex-dividend date starting from July 10, 2023.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus. The effective interest rate of the liability component was 0.8961% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,427 thousand)	\$ 1,194,573
Equity component (less transaction costs allocated to the equity component of \$129 thousand)	(28,431)
Assets component	<u>2,040</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$5,298 thousand)	<u>\$ 1,168,182</u> (Continued)

Liability component at December 31, 2021	\$ 1,172,721
Interest charged at an effective interest rate	<u>10,552</u>
Liability component at December 31, 2022	1,183,273
Interest charged at an effective interest rate	10,647
Conversion of bonds payable to ordinary shares	<u>(100)</u>
Liability component at December 31, 2023	1,193,820
Less: Corporate bonds due within one year or one operating cycle	<u>(1,193,820)</u>
Unsecured domestic convertible bonds	<u>\$ -</u>
	(Concluded)

18. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for bonuses to employees and directors	\$ 276,024	\$ 393,658
Payables for commissions	17,840	25,232
Payables for salaries	43,755	48,580
Payables for bonuses	154,912	229,855
Payables for annual leave	31,076	30,946
Payables for purchases of equipment	32,159	53,251
Others	<u>69,827</u>	<u>85,839</u>
	<u>\$ 625,593</u>	<u>\$ 867,361</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Company has set up appointed manager's pension fund and contributes monthly an amount of not less than 8% of the appointed manager's monthly salaries and wages to the Bank of Taiwan.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 9% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

Appendix 2

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 176,155	\$ 182,628
Fair value of plan assets	<u>(156,050)</u>	<u>(147,425)</u>
Net defined benefit liability	<u>\$ 20,105</u>	<u>\$ 35,203</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	\$ 192,025	\$ (130,236)	\$ 61,789
Service cost			
Current service cost	1,340	-	1,340
Past service cost loss (gain) on settlement	(458)	460	2
Net interest expense (income)	<u>1,200</u>	<u>(857)</u>	<u>343</u>
Recognized in profit or loss	<u>2,082</u>	<u>(397)</u>	<u>1,685</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,662)	(9,662)
Actuarial (gain) loss - changes in demographic assumptions	1,120	-	1,120
Actuarial (gain) loss - changes in financial assumptions	(7,329)	-	(7,329)
Actuarial (gain) loss - experience adjustments	<u>1,358</u>	<u>-</u>	<u>1,358</u>
Recognized in other comprehensive income	<u>(4,851)</u>	<u>(9,662)</u>	<u>(14,513)</u>
Contributions from the employer	-	(13,758)	(13,758)
Benefits paid	<u>(6,628)</u>	<u>6,628</u>	<u>-</u>
Balance at December 31, 2022	<u>182,628</u>	<u>(147,425)</u>	<u>35,203</u>
Service cost			
Current service cost	945	-	945
Prior service cost	465	-	465
Past service cost loss (gain) on settlement	(340)	326	(14)
Net interest expense (income)	<u>2,739</u>	<u>(2,313)</u>	<u>426</u>
Recognized in profit or loss	<u>3,809</u>	<u>(1,987)</u>	<u>1,822</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(795)	(795)
Actuarial (gain) loss - changes in financial assumptions	4,099	-	4,099
Actuarial (gain) loss - experience adjustments	<u>(7,091)</u>	<u>-</u>	<u>(7,091)</u>
Recognized in other comprehensive income	<u>(2,992)</u>	<u>(795)</u>	<u>(3,787)</u>
Contributions from the employer	-	(13,133)	(13,133)
Benefits paid	<u>(7,290)</u>	<u>7,290</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 176,155</u>	<u>\$ (156,050)</u>	<u>\$ 20,105</u>

Appendix2

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of goods sold	\$ 960	\$ 880
Selling and marketing expenses	135	122
General and administrative expenses	272	243
Research and development expenses	<u>455</u>	<u>440</u>
	<u>\$ 1,822</u>	<u>\$ 1,685</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.25%	1.50%
Expected rate(s) of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will decrease/increase as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (4,090)</u>	<u>\$ (4,510)</u>
0.25% decrease	<u>\$ 4,237</u>	<u>\$ 4,679</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 4,110</u>	<u>\$ 4,551</u>
0.25% decrease	<u>\$ (3,989)</u>	<u>\$ (4,409)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
The expected contributions to the plan for the next year	<u>\$ 13,440</u>	<u>\$ 13,560</u>
The average duration of the defined benefit obligation	9.8 years	10.2 years

20. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>309,758</u>	<u>309,757</u>
Shares issued	<u>\$ 3,097,570</u>	<u>\$ 3,097,570</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

30,000 thousand authorized shares of the Company were reserved for the issuance of convertible bonds and employee share options.

Equity component convertible bonds

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares converted but the registration change has not been completed (in thousands)	<u>1</u>	<u>-</u>
Shares converted but the registration change has not been completed (in thousands)	<u>\$ 9</u>	<u>\$ -</u>

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	\$ 611,869	\$ 611,776
Conversion of bonds	977,028	977,028
Overdue options	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	331	331

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of associates or joint venture	\$ 23,981	\$ 15,627
Other	3,678	3,409
<u>May not be used for any purpose</u>		
Employee share options	<u>28,429</u>	<u>28,431</u>
	<u>\$ 1,718,693</u>	<u>\$ 1,709,979</u>
		(Concluded)

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employee benefits expense in Note 22(g).

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividend to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When distributing the surplus, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other equity interests in accordance with legal provisions (e.g., exchange differences on the translation of financial statements of foreign operating institutions, accumulated balances of unrealized gains and losses on financial assets at fair value through other comprehensive income). If there is a subsequent decrease in the amount of deductions from other equity items, the decrease can be transferred back to unappropriated earnings from the special surplus reserve.

Appendix2

The appropriations of earnings for 2022 and 2021 were approved by the shareholders in their meetings on May 30, 2023 and May 31, 2022, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2022	For Fiscal Year 2021	For Fiscal Year 2022	For Fiscal Year 2021
Legal reserve	\$ 296,435	\$ 310,870	\$ -	\$ -
Recognition (reversal) of special reserve	143,071	(346,761)	-	-
Cash dividends	2,168,299	2,323,178	7	7.5

The appropriations of earnings for 2023, which were proposed by the board of directors on March 11, 2024, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 194,468	\$ -
Special reserve	384,696	-
Cash dividends	1,393,911	4.5

The appropriation of earnings for 2023 is subject to resolution by the shareholders in their meeting to be held on May 28, 2024.

d. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (450,523)	\$ (559,579)
Exchange differences on translating the financial statements of foreign operations	(127,850)	106,056
Share of exchange differences from associates accounted for using the equity method	<u>(4,333)</u>	<u>3,000</u>
Balance at December 31	<u>\$ (582,706)</u>	<u>\$ (450,523)</u>

Appendix 2

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 307,453	\$ 1,357,362
Recognized during the period		
Unrealized loss - equity instruments	(45,086)	(853,288)
Share from associates accounted for using the equity method	20,382	(49,647)
Other comprehensive loss recognized in the period	(24,704)	(902,935)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(227,810)	(146,974)
Balance at December 31	\$ 54,939	\$ 307,453

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 8,802,818	\$ 10,596,932

Contract Balances

	December 31	
	2023	2022
Trade receivables (Note 10)	\$ 2,768,313	\$ 3,190,981

22. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations had been arrived at after charging:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 28,369	\$ 7,473
Financial assets at amortized cost	2,440	1,822
Others	8,059	2,780
	\$ 38,868	\$ 12,075

Appendix2

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 6,145	\$ 6,236
Dividends	12,561	11,486
Income from government grants	3,256	8,846
Others	4,093	9,871
	\$ 26,055	\$ 36,439

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 1,091	\$ 6,679
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily at FVTPL	(11,779)	(19,124)
Net foreign exchange gains	28,760	362,359
Loss on disposal of non-current assets held for sale	-	(249)
Depreciation of investment properties	(1,364)	(1,377)
Gain on modifications of lease	7	-
Others	(5,419)	(3,360)
	\$ 11,296	\$ 344,928

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 26,640	\$ 12,662
Interest on convertible bonds	10,647	10,552
Interest on lease liabilities	62	73
	\$ 37,349	\$ 23,287

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 499,858	\$ 491,810
Investment properties	1,364	1,377
Right-of-use assets	3,237	3,067
Intangible assets	12,386	17,980
	\$ 516,845	\$ 514,234

(Continued)

Appendix2

	For the Year Ended December 31	
	2023	2022
An analysis of deprecation by function		
Operating costs	\$ 296,474	\$ 309,276
Operating expenses	206,621	185,601
Non-operating expenses	1,364	1,377
	\$ 504,459	\$ 496,254
An analysis of amortization by function		
Operating costs	\$ 47	\$ 32
Operating expenses	12,339	17,948
	\$ 12,386	\$ 17,980

(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 31,464	\$ 31,795
Defined benefit plans (Note 19)	1,822	1,685
	33,286	33,480
Other employee benefits		
Payroll expense	971,280	1,264,761
Labor and health insurance	83,335	85,826
Others	31,234	1,960
	1,085,849	1,352,547
Total employee benefits expense	\$ 1,119,135	\$ 1,386,027
An analysis of employee benefits expense by function		
Operating costs	\$ 621,691	\$ 744,192
Operating expenses	497,444	641,835
	\$ 1,119,135	\$ 1,386,027

g. Employees' compensation and remuneration of directors for 2023 and 2022

The Company accrued employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022 which were approved by the Company's board of directors on March 11, 2024 and March 6, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	9.0%	9.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash Bonus	Share Bonus	Cash Bonus	Share Bonus
Employees' compensation	\$ 194,831	\$ -	\$ 330,344	\$ -
Remuneration of directors	32,472	-	55,057	-

If there is a change in the amounts after the actual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
<u>Current tax</u>		
In respect of the current year	\$ 229,394	\$ 483,644
Income tax on unappropriated earnings	6,418	19,766
Adjustments for prior year	<u>(4,356)</u>	<u>(17,465)</u>
	<u>231,456</u>	<u>485,945</u>
<u>Deferred tax</u>		
In respect of the current year	<u>(7,676)</u>	<u>(6,364)</u>
Income tax expense recognized in profit or loss	<u>\$ 223,780</u>	<u>\$ 479,581</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 1,937,482</u>	<u>\$ 3,285,085</u>
Income tax expense calculated at the statutory rate	\$ 387,496	\$ 657,017
Non-deductible loss from tax	1,100	5,286
Income tax on unappropriated earnings	6,418	19,766
Tax-exempt income	(201,763)	(207,721)
Deferred income tax effect on earnings of subsidiaries	76,005	79,672

(Continued)

Appendix 2

	For the Year Ended December 31	
	2023	2022
Investment tax credits	\$ (41,120)	\$ (56,974)
Adjustment for prior years' tax	(4,356)	(17,465)
Income tax expense recognized in profit or loss	<u>\$ 223,780</u>	<u>\$ 479,581</u> (Concluded)

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ (757)</u>	<u>\$ (2,904)</u>

c. Current income tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 74,030</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 235,808</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognize in Profit or Loss	Recognize in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Unrealized loss on inventories	\$ 7,446	\$ 373	\$ -	\$ 7,819
Unrealized exchange loss	11,336	4,899	-	16,235
Payable for annual leave	6,189	25	-	6,214
Determine benefit obligation	9,403	(2,262)	(757)	6,384
				(Continued)

	Opening Balance	Recognize in Profit or Loss	Recognize in Other Compre- hensive Income	Closing Balance
Financial liabilities at fair value through profit or loss	\$ 4,009	\$ 941	\$ -	\$ 4,950
Others	<u>4,469</u>	<u>1,675</u>	<u>-</u>	<u>6,144</u>
	<u>\$ 42,852</u>	<u>\$ 5,651</u>	<u>\$ (757)</u>	<u>\$ 47,746</u>
<u>Deferred tax liabilities</u>				
Associates	<u>\$ 79,518</u>	<u>\$ (2,025)</u>	<u>\$ -</u>	<u>\$ 77,493</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognize in Profit or Loss	Recognize in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Unrealized loss on inventories	\$ 7,000	\$ 446	\$ -	\$ 7,446
Unrealized exchange loss	7	11,329	-	11,336
Payable for annual leave	5,785	404	-	6,189
Determine benefit obligation	14,722	(2,415)	(2,904)	9,403
Financial liabilities at fair value through profit or loss	469	3,540	-	4,009
Others	<u>2,489</u>	<u>1,980</u>	<u>-</u>	<u>4,469</u>
	<u>\$ 30,472</u>	<u>\$ 15,284</u>	<u>\$ (2,904)</u>	<u>\$ 42,852</u>
<u>Deferred tax liabilities</u>				
Associates	<u>\$ 70,598</u>	<u>\$ 8,920</u>	<u>\$ -</u>	<u>\$ 79,518</u>

f. Income tax assessments

The income tax returns through 2021 had been assessed by the tax authorities.

24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	\$ 1,713,702	\$ 2,805,504
Interest on convertible bonds after tax	<u>8,517</u>	<u>8,442</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,722,219</u>	<u>\$ 2,813,946</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	309,757	309,757
Effect of potentially dilutive ordinary shares:		
Convertible bonds	10,563	9,764
Employees' compensation	<u>2,634</u>	<u>4,645</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>322,954</u>	<u>324,166</u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	\$ <u> -</u>	\$ <u> 18,323</u>	\$ <u> -</u>	\$ <u> 18,323</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic emerging shares	\$ 72,844	\$ -	\$ -	\$ 72,844
Domestic unlisted shares	-	-	68,056	68,056
Foreign unlisted shares	<u> -</u>	<u> -</u>	<u> 30,435</u>	<u> 30,435</u>
	<u>\$ 72,844</u>	<u>\$ -</u>	<u>\$ 98,491</u>	<u>\$ 171,335</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ <u> 20,350</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 20,350</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts and exchange contracts	\$ <u> -</u>	\$ <u> 13,620</u>	\$ <u> -</u>	\$ <u> 13,620</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 262,122	\$ -	\$ -	\$ 262,122
Domestic unlisted shares	<u> -</u>	<u> -</u>	<u> 213,170</u>	<u> 213,170</u>
	<u>\$ 262,122</u>	<u>\$ -</u>	<u>\$ 213,170</u>	<u>\$ 475,292</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2023	\$ -	\$ 213,170
Purchases	-	40,435
Transfer to Level 1	-	(190,879)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	35,765
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 98,491</u>

The fair value of these shares issued by Win Win Precision Technology Co., Ltd. was transferred from Level 3 to Level 1 since the shares were listed on the Taipei Exchange on January 16, 2023.

For the year ended December 31, 2022

	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Equity Instruments	Equity Instruments
Balance at January 1, 2022	\$ -	\$ 77,466
Purchases	-	25,359
Reclassified from non-current assets held for sale	-	4,985
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	105,360
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 213,170</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts and exchange contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Redemption options on convertible bonds	Binomial tree valuation model. Binomial tree valuation model was used to evaluate the observable closing price of the stocks, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair values of some of the unlisted equity securities - ROC were determined using the market approach. In this approach, the fair values were measured based on the analysis of financial position and financial performance of the investees, with reference to the value in the active market and the index and trade information of the companies, which have similar businesses. Then, the Company considers the financial performance of such equity securities based on the evaluation criteria and uses proper index to determine the fair value.

c. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily at FVTPL (1)	\$ -	\$ 20,350
Financial assets at amortized cost (2)	4,853,227	5,639,757
Financial assets at FVTOCI		
Equity instruments	171,335	475,292
<u>Financial liabilities</u>		
FVTPL		
Mandatorily as FVTPL (3)	18,323	13,620
Amortized cost (4)	5,701,342	5,563,348

- 1) The balances include the investment in equity instruments and redemption options on convertible bonds.
- 2) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 3) The balances included the carrying amount of foreign exchange forward contracts and exchange contracts.
- 4) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, trade payables, other payables, bonds payable, and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, notes receivable, trade receivables, other receivables, notes payable, trade payables, other payables, borrowings, and bonds payable. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the Company's foreign currency monetary.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 32).

Sensitivity analysis

The Company was mainly exposed to the USD, JPY and RMB.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below

Appendix2

indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	Profit or Loss	
	2023	2022
USD impact (i)	\$ 23,029	\$ 34,813
JPY impact (ii)	(2,573)	(1,871)
RMB impact (iii)	(5,178)	(1,435)

i. This was mainly attributable to the exposure on outstanding monetary items in USD which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding monetary items in JPY which were not hedged, at the end of the reporting period.

iii. This was mainly attributable to the exposure on outstanding monetary items in RMB which were not hedged at the end of the reporting period.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company deposits and borrow funds at floating interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 729,240	\$ 869,363
Financial liabilities	1,589,820	2,687,273
Cash flow interest rate risk		
Financial assets	1,318,299	1,556,924
Financial liabilities	1,892,754	635,507

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/(decrease) by \$(1,436) thousand and \$2,304 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its floating rate bank deposits and bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of discharge an obligation by the counterparties and financial guarantees provided by the Company arises from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets;
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liability. As of December 31, 2023 and 2022, the Company had available unutilized overdraft and short-term bank loan facilities of approximately \$4,411,246 thousand and \$3,275,449 thousand, respectively.

a) Liquidity and interest risk rate tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To extend that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	Weighted Interest Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,581,756	\$ -	\$ -	\$ -	\$ 1,581,756
Other payables	-	627,462	-	-	-	627,462
Lease liabilities	1.27-3.00	2,270	1,631	-	-	3,901
Variable interest rate liabilities	0.85-1.55	276,087	1,616,667	-	-	1,892,754
Fixed interest rate liabilities	1.1	1,553,820	36,000	-	-	1,589,820

December 31, 2022

	Weighted Interest Average Effective Interest Rate (%)	Less than 1 Year	2-3 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>						
Trade payables	-	\$ 1,362,293	\$ -	\$ -	\$ -	\$ 1,362,293
Other payables	-	868,725	-	-	-	868,725
Lease liabilities	0.86-1.27	3,088	1,596	-	-	4,684
Variable interest rate liabilities	0.725-0.975	248,087	354,087	33,333	-	635,507
Fixed interest rate liabilities	0.90-1.35	408,000	2,279,273	-	-	2,687,273

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$ 249	\$(13,381)	\$(5,191)	\$ -	\$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Foreign exchange forward contracts and exchange contracts	\$(2,857)	\$(10,763)	\$ -	\$ -	\$ -

27. TRANSACTIONS WITH RELATED PARTY

Details of transactions between the Company and related parties are disclosed below.

a. Related party name and relationship

<u>Related Party Name</u>	<u>Related Party Category</u>
Tai-Shing Electronics Components Corporation	Associate
Liang Shing Eclife Corp. (“Eclife”)	Other associate
Longying (Ningbo) Semiconductor Co., Ltd	Other associate
TXC (Ningbo) Corporation	Subsidiary
TXC (Chongqing) Corporation	Subsidiary
Ningbo Jingyu Company Limited	Subsidiary
TETC CORP. NINGBO	Subsidiary
Shanghai JCH Co., Ltd.	Subsidiary
TXC Technology, Inc.	Subsidiary
Taiwan Crystal Technology (HK) Limited	Subsidiary
TXC Japan Corporation	Subsidiary
TXC Europe GmbH	Subsidiary

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Sales	Subsidiaries	\$ 747,728	\$ 686,745
	Other associates	5,839	12,339
	Associates	<u>30,284</u>	<u>73,936</u>
		<u>\$ 783,851</u>	<u>\$ 773,020</u>

In 2023 and 2022, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, CKG, TETC, Ningbo Jingyu, TXC Technology, TCTH and TXC JP whose trading price depends on its function within the Company.

c. Purchase of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries		
TXC (Ningbo) Corporation	\$ 1,885,105	\$ 2,470,783
TXC (Chongqing) Corporation	1,680,693	1,208,967
Others	<u>410,384</u>	<u>349,287</u>
	3,976,182	4,029,037
Other associates	<u>299</u>	<u>259</u>
	<u>\$ 3,976,481</u>	<u>\$ 4,029,296</u>

In 2023 and 2022, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, CKG, TETC, Ningbo Jingyu, TXC Technology, TCTH and TXC JP whose trading price depends on its function within the Company.

d. Operating expenses

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries		
TXC Technology, Inc.	\$ 56,009	\$ 48,231
TXC Japan Corporation	29,684	29,944
TXC Europe GmbH	<u>12,828</u>	<u>11,761</u>
	98,521	89,936
Other associates	<u>628</u>	<u>2,033</u>
	<u>\$ 99,149</u>	<u>\$ 91,969</u>

The consulting fee above is due to the Company's part of business activities committed to the related parties.

e. Rental revenue

Related Party	Location	Rent Collection	For the Year Ended December 31			
			2023	% to Total Account Balance	2022	% to Total Account Balance
Tai-Shing Electronics Components Corporation	6F., No. 4, Gongye 6th Rd., Pingzhen Dist., Taoyuan City 324, Taiwan	Based on contract, and paid on a monthly basis	<u>\$ 3,568</u>	<u>-</u>	<u>\$ 3,518</u>	<u>-</u>

f. Receivables from related parties (excluding loans to related parties)

Related Party Category	December 31	
	2023	2022
Subsidiaries	\$ 211,638	\$ 204,150
Associates	7,405	8,171
Other associates	1,015	1,747
Less: Allowance for impairment loss	<u>(68)</u>	<u>(68)</u>
	<u>\$ 219,990</u>	<u>\$ 214,000</u>

The outstanding accounts receivable from related parties are unsecured.

g. Payables to related parties (excluding loans from related parties)

Related Party Category	December 31	
	2023	2022
Subsidiaries		
TXC (Ningbo) Corporation	\$ 427,317	\$ 571,918
TXC (Chongqing) Corporation	540,231	275,148
Others	<u>107,373</u>	<u>84,464</u>
	1,074,921	931,530
Other associates	<u>38</u>	<u>48</u>
	<u>\$ 1,074,959</u>	<u>\$ 931,578</u>

The outstanding trade payables to related parties are unsecured.

h. Other receivables from related parties

Related Party Category	December 31	
	2023	2022
Subsidiaries		
TXC (Ningbo) Corporation	\$ 3,074	\$ -
Ningbo Jingyu Company Limited	<u>4,328</u>	<u>-</u>
	7,402	-
Associates	425	362
Other associates	<u>1</u>	<u>8</u>
	<u>\$ 7,828</u>	<u>\$ 370</u>

Other receivables resulted from purchasing machinery and equipment on behalf of subsidiaries.

i. Other payables to related parties

Related Party Category	December 31	
	2023	2022
Subsidiaries	\$ 44	\$ 114
Other associates	<u>1,825</u>	<u>1,250</u>
	<u>\$ 1,869</u>	<u>\$ 1,364</u>

The credit period of the transaction above is similar to those for the third parties.

j. Prepayments

Related Party Category	December 31	
	2023	2022
Other associates	<u>\$ 4,502</u>	<u>\$ 4,357</u>

k. Acquisitions for property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2023	2022
Other associates	<u>\$ 968</u>	<u>\$ 16,106</u>

l. Compensation of key management personnel

Related Party Category	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 66,161	\$ 63,640
Post-employment benefits	<u>989</u>	<u>3,671</u>
	<u>\$ 67,150</u>	<u>\$ 67,311</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and foreign exchange forward contracts:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Pledged deposits	<u>\$ 75,342</u>	<u>\$ 52,213</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2023 and 2022 were as follows:

- a. As of December 31, 2023, unused letters of credit amounted to approximately JPY6,400 thousand.
- b. As of December 31, 2023, the Company unrecognized commitments are as follows:

In Thousands of Foreign Currencies/New Taiwan Dollars

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of machinery and equipment	<u>\$ 490,554</u>	<u>\$ 212,156</u>	<u>\$ 278,398</u>
Acquisition of machinery and equipment	<u>JPY 130,500</u>	<u>JPY 91,950</u>	<u>JPY 38,550</u>

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE**31. OTHER ITEMS**

On December 18, 2023, the Company's board of directors approved that TXC (Ningbo) Corporation establish a subsidiary named PT TXC TECHNOLOGY INDONESIA (tentative name), with an ownership percentage of 80%. The authorized capital is US\$20,000 thousand, and it is expected that US\$10,000 thousand will be injected into capital by the second quarter of 2024.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

Unit: In Thousands of Foreign Currencies and New Taiwan Dollars

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 97,184	30.7350 (USD:NTD)	\$ 2,986,950
JPY	449,288	0.2173 (JPY:NTD)	97,630
RMB	5,214	4.3394 (RMB:NTD)	22,626
Non-monetary items			
Investments accounted for using equity method			
USD	7,041	30.7350 (USD:NTD)	216,390
JPY	148,908	0.2173 (JPY:NTD)	32,358
RMB	1,743,028	4.3394 (RMB:NTD)	7,563,696
EUR	332	34.0114 (EUR:NTD)	11,300
<u>Financial liabilities</u>			
Monetary items			
USD	22,257	30.7350 (USD:NTD)	684,069
JPY	1,633,573	0.2173 (JPY:NTD)	354,975
RMB	124,531	4.3394 (RMB:NTD)	540,390

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 139,256	30.708 (USD:NTD)	\$ 4,276,273
JPY	533,718	0.2324 (JPY:NTD)	124,036
RMB	29,898	4.4092 (RMB:NTD)	131,826
Non-monetary items			
Investments accounted for using equity method			
USD	6,972	30.708 (USD:NTD)	214,084
JPY	135,930	0.2324 (JPY:NTD)	31,590
RMB	1,608,979	4.4092 (RMB:NTD)	7,094,310
EUR	275	32.7086 (EUR:NTD)	9,000

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 25,887	30.708 (USD:NTD)	\$ 794,938
JPY	1,338,747	0.2324 (JPY:NTD)	311,125
RMB	62,448	4.4092 (RMB:NTD)	275,346
			(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains or loss were \$28,760 thousand and \$362,359 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company entities.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and information on investees:

- 1) Lending funds to others. (None)
- 2) Providing endorsements or guarantees for others. (None)
- 3) Holding of securities at the end of the period. (Table 1)
- 4) Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital or more. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Purchases or sales of goods or to related parties reaching least NT\$100 million or 20% of the paid-in capital. (Table 2)
- 8) Trade receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 9) Trading in derivative instruments. (Note 7)
- 10) Information on investees. (Table 4)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 6)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (None)

TABLE 1

TXC CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
TXC Corporation	<u>Stock - unlisted company</u> Godsmith Sensor Inc	None	Financial assets at fair value through other comprehensive income - non-current	800	\$ 3,672	4	\$ 3,672	
	RFIC Technology Corporation	TXC Corporation is a director of the Company	"	3,334	29,981	12	29,981	
	Gallopwave Inc.	"	"	6,250	34,403	8	34,403	
	<u>Stock - emerging shares</u> Win Win Precision Technology Co., Ltd.	None	"	1,788	72,844	3	72,844	
	<u>Shares overseas - unlisted company</u> Stathera IP Holdings Inc.	"	"	65	<u>30,435</u>	1	<u>30,435</u>	
					<u>\$ 171,335</u>		<u>\$ 171,335</u>	
TXC (Ningbo) Corporation	<u>Shares overseas - unlisted company</u> Ningbo SJ Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	567	<u>\$ 41,995</u>	5	<u>\$ 41,995</u>	
TXC (Chongqing) Limited	<u>Structured deposits</u> China Construction Bank	None	Financial assets at fair value through profit or loss - current	RMB 84,059	\$ 364,766	-	\$ 364,766	
	China Merchants Bank	"	"	RMB 15,056	65,334	-	65,334	
	China CITIC Bank	"	"	RMB 12,759	55,364	-	55,364	
	China Minsheng Bank	"	"	RMB 3,092	13,417	-	13,417	
	China Everbright Bank	"	"	RMB 10,039	<u>43,562</u>	-	<u>43,562</u>	
					<u>\$ 542,443</u>		<u>\$ 542,443</u>	
Ningbo Beilun Jingyu Trading Corporation	<u>Beneficiary certificate</u> Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 66	<u>\$ 288</u>	-	<u>\$ 288</u>	
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	<u>Shares overseas - unlisted company</u> Zhejiang Bright Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,004	<u>\$ 162,427</u>	3	<u>\$ 162,427</u>	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Chongqing Zhongyang Properties Co., Ltd.	<u>Structured deposits</u> Chongqing Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 9,617	\$ 41,730	-	\$ 41,730	
	China Construction Bank Corporation	None	"	RMB 6,971	<u>30,251</u>	-	<u>30,251</u>	
					<u>\$ 71,981</u>		<u>\$ 71,981</u>	
ChongQing Dingsen Commercial Management Co., Ltd.	<u>Structured deposits</u> China Construction Bank Corporation	None	Financial assets at fair value through profit or loss - current	RMB 656	<u>2,848</u>	-	<u>2,848</u>	

(Concluded)

TABLE 2

TXC CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	\$ 1,885,105	31	No significant differences with the third parties.	Its trading price depends on its function within the Company	No significant differences with the third parties.	\$ (427,317)	(27)	
	"	"	Sale	652,731	7	"	"	"	175,833	6	
	TXC (Chongqing) Corporation	"	Purchase	1,680,693	28	"	"	"	(540,231)	(34)	
	TETC CORP. NINGBO	"	Purchase	394,530	7	"	"	"	(101,648)	(6)	
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	"	Purchase	221,875	12	"	"	"	(73,895)	(11)	
	"	"	Sale	446,800	11	"	"	"	217,271	22	

TABLE 3**TXC CORPORATION****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	\$ 175,833	3.70	\$ -	-	\$ 91,877	\$ -
TXC (Ningbo) Corporation	TXC Corporation	Parent entity	427,317	3.77	-	-	262,292	-
TXC (Chongqing) Corporation	TXC Corporation	Parent entity	540,231	4.12	-	-	317,516	-
TETC CORP. NINGBO	TXC Corporation	Parent entity	101,648	4.43	-	-	57,775	-
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation	Subsidiary	217,271	3.78	-	-	45,668	-

TABLE 4

TXC CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	Taiwan Crystal Technology International Ltd.	Western Samoa	Investment management	\$ 1,390,461	\$ 1,390,461	42,835	100.00	\$ 7,563,696	\$ 968,668	\$ 956,623	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	International trading	2,371	2,371	80	100.00	193,100	682	682	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	32,358	2,843	2,843	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	23,290	1,446	1,446	
	Tai-Shing Electronics Components Corporation	Taiwan	Manufacture and sales of electronics products	373,432	373,432	8,802	33.34	397,952	62,255	20,756	
	TXC Europe GmbH	Germany	Marketing activities	1,746	1,746	50	100.00	11,300	1,856	1,856	

TABLE 5

TXC CORPORATION

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or U.S. Dollars)

1. Name of the investees in mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investments from Taiwan as of January 1, 2023 (In Thousand)	Investment Flows		Accumulated Outflow of Investments from Taiwan as of December 31, 2023 (In Thousand)	Investee Company Current Net Income	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
TXC (Ningbo) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	\$ 2,350,052	Indirect investment of the Corporation in mainland China through the Corporation's subsidiary in a third region	\$ 1,427,630	\$ -	\$ -	\$ 1,427,630	\$ 968,692	100.00	\$ 968,692	\$ 7,630,212	\$ 1,390,136
TXC (Chongqing) Corporation	Research and development, manufacture, and sale of quartz elements and related electronic products	1,162,074	Other investment of the Corporation in mainland China	-	-	-	-	200,040	100.00	200,040	1,819,130	306,500
TETC CORP. NINGBO	Research and development, manufacture, and sale of quartz elements and related electronic products	433,440	Other investment of the Corporation in mainland China	-	-	-	-	325,299	100.00	325,299	1,244,942	-
Chongqing Zhongyang Properties Co., Ltd.	Properties development	684,908	Other investment of the Corporation in mainland China	-	-	-	-	(25,883)	100.00	(25,883)	775,004	-
Ningbo Beilun Jingyu Trading Corporation	International trading	7,090	Other investment of the Corporation in mainland China	-	-	-	-	(26)	100.00	(26)	6,086	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	246,257	Other investment of the Corporation in mainland China	-	-	-	-	(54,408)	29.37	(16,184)	48,174	-
Ningbo Meishan Free Trade Port Area Ding Kai Investment Management Company Limited	Investment management	160,043	Other investment of the Corporation in mainland China	-	-	-	-	1	100.00	1	162,494	-
ChongQing Dingsen Commercial Management Co., Ltd.	Property management	4,390	Other investment of the Corporation in mainland China	-	-	-	-	(8)	100.00	(8)	(1,209)	-
Shanghai JCH Co., Ltd.	Marketing activities and Technical Services	2,238	Other investment of the Corporation in mainland China	-	-	-	-	8,746	100.00	8,746	10,798	-

2. The limited amounts of the investment in Mainland China

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investments Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
\$1,427,630	\$2,350,052	\$ -

Note: The investment in mainland China has no maximum limit since the Company has acquired the approval from the Industrial Development Bureau for the establishment of the Company's operating headquarters in Taiwan.

TABLE 6**TXC CORPORATION**

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term			%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	\$ 1,885,105	31	Its trading price depends on its function within the Company	Similar with third parties	Its trading price depends on its function within the Group	\$ (427,317)	(27)	\$ 30,702	
	TXC (Ningbo) Corporation	Sales	652,731	7	"	"	"	175,833	6	7,186	
	TXC (Chongqing) Corporation	Purchase	1,680,693	28	"	"	"	(540,231)	(34)	23,131	
	TETC CORP. NINGBO	Purchase	394,530	7	"	"	"	(101,648)	(6)	7,486	

2. The transactions of properties and the profit or loss: None.
3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.
4. Financings directly or indirectly provided to the investees: None.
5. Other transactions that significantly impacted the current year's profit or loss or financial position: None.

TXC CORPORATION**THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS**

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	Statement 1
Statement of financial assets at fair value through profit or loss - non-current	Table 1
Statement of notes receivable	Note 10
Statement of trade receivables	Statement 2
Statement of other receivables	Note 10
Statement of inventories	Statement 3
Statement of changes in financial assets at fair value through other comprehensive income - non-current	Statement 4
Statement of changes in investments accounted for using equity method	Statement 5
Statement of changes in property, plant and equipment	Note 13
Statement of changes in accumulated depreciation of property, plant and equipment	Note 13
Statement of changes in accumulated impairment of property, plant and equipment	Note 13
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Statement of deferred income tax assets	Note 23
Statement of financial liabilities at fair value through profit or loss - current	Note 7
Statement of trade payables	Statement 6
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Major Accounting Items in Profit or Loss	
Statement of net revenue	Statement 7
Statement of cost of goods sold	Statement 8
Statement of manufacturing expenses	Statement 9
Statement of operating expenses	Statement 10
Statement of other gain and losses	Note 22
Statement of finance costs	Note 22
Statement of labor, depreciation and amortization by function	Statement 11

STATEMENT 1**TXC CORPORATION****CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, and Foreign Currency)**

Item		Amount
Cash		
Cash on hand	Including US\$7 thousand @30.735; JPY682 thousand @0.2173; HK\$2 thousand @3.9339; and RMB13 thousand @4.3394; SGD3 thousand @23.3097; EUR3 thousand @34.0114	\$ 640
Cash in banks		
Checking accounts and demand deposits		1,021,752
Foreign-currency deposits	Including US\$5,945 thousand @30.7350; JPY219,912 thousand @0.2173; EUR130 thousand @34.0114; RMB3,576 thousand @4.3394; and HK\$2 thousand @3.9339	250,445
Time deposits		-
Cash equivalents		<u>700,000</u>
		<u>\$ 1,972,837</u>

STATEMENT 2**TXC CORPORATION****TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Explanation	Amount
Related parties		
TXC (Ningbo) Corporation	For goods	\$ 175,833
TXC (Chongqing) Corporation	"	642
Tai-Shing Electronics Components Corporation	"	7,405
TETC CORP. NINGBO	"	31,303
TXC Japan Corporation	"	701
TXC Europe GmbH	"	3,109
TXC Technology, Inc.	"	50
Liang Shing Eclife Corp.	"	998
Longying (Ningbo) Semiconductor Co., Ltd	"	<u>17</u>
		220,058
Less: Allowance for impairment loss		<u>(68)</u>
		<u>\$ 219,990</u>
Third parties		
A Company	For goods	\$ 330,813
B Company	"	248,340
Others (Note)	"	<u>1,979,155</u>
		2,558,308
Less: Allowance for doubtful accounts		<u>(9,985)</u>
		<u>\$ 2,548,323</u>

Note: Each of the accounts was less than 5% of the total account balance.

STATEMENT 3**TXC CORPORATION****INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Cost	Market Value (Note)
Raw materials	\$ 351,939	\$ 337,617
Supplies and spare parts	119,643	118,584
Work in process	273,779	272,310
Finished goods	256,948	240,845
Merchandise	476,540	475,460
Goods in transit	<u>21,253</u>	<u>21,253</u>
	1,500,102	<u>\$ 1,466,069</u>
Less: Allowance for loss	<u>(34,033)</u>	
	<u>\$ 1,466,069</u>	

Note: The market value is based on net realizable value.

TXC CORPORATION

CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Shares)

	Beginning Balance		Remeasure	Increase		Decrease		Ending Balance			Pledge or Security
	Shares	Amount		Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	
Listed shares											
UPI Semiconductor Corp.	1,106	\$ 262,122	\$ 37,184	-	\$ -	1,106	\$ 299,306	-	-	\$ -	None
Emerging shares											
Win Win Precision Technology Co., Ltd.	1,625	190,879	(118,035)	163	-	-	-	1,788	3	72,844	"
Unlisted shares											
Godsmith Sensor Inc.	800	4,833	(1,161)	-	-	-	-	800	4	3,672	"
Gallopwave Inc.	5,000	5,449	18,954	1,250	10,000	-	-	6,250	8	34,403	"
RFIC Technology Corporation	3,334	12,009	17,972	-	-	-	-	3,334	12	29,981	"
Stathera IP Holdings Inc.	-	-	-	65	30,435	-	-	65	1	30,435	"
		<u>22,291</u>	<u>35,765</u>		<u>40,435</u>		<u>-</u>			<u>98,491</u>	
		<u>\$ 475,292</u>	<u>\$ (45,086)</u>		<u>\$ 40,435</u>		<u>\$ 299,306</u>			<u>\$ 171,335</u>	

TXC CORPORATION

CHANGES IN INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars and Shares)

	Beginning Balance		Increase		Decrease		Equity in Investees Gain (Loss)	Ending Balance			Market Price or Net Asset Value		Valuation Method	Pledge or Security
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	% of Ownership	Amount	Unit Price	Amount		
Unlisted company														
Taiwan Crystal Technology International Ltd.	42,835	\$ 7,094,310	-	\$ -	-	\$ 390,150	\$ 859,536	42,835	100.00	\$ 7,563,696	-	\$ 7,563,696	Equity method	None -
TXC Technology Inc.	300	21,826	-	-	-	-	1,464	300	100.00	23,290	-	23,290	Equity method	None -
TXC Japan Corporation	2	31,590	-	-	-	-	768	2	100.00	32,358	-	32,358	Equity method	None -
Taiwan Crystal Technology International (HK) Limited	80	192,258	-	-	-	-	842	80	100.00	193,100	-	193,100	Equity method	None -
Tai-Shing Electronics Components Corporation	8,802	401,707	-	-	-	20,245	16,490	8,802	33.34	397,952	39.90	397,952		None -
TXC Europe GmbH	50	9,000	-	-	-	-	2,300	50	100.00	11,300	-	11,300	Equity method	None -
		<u>\$ 7,750,691</u>		<u>\$ -</u>		<u>\$ 410,395</u>	<u>\$ 881,400</u>			<u>\$ 8,221,696</u>		<u>\$ 8,221,696</u>		

Note: All the above are unlisted company which do not have market price to evaluated.

STATEMENT 6**TXC CORPORATION****ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Explanation	Amount
Related parties		
TXC (Ningbo) Corporation	Payment for goods	\$ 427,317
TXC (Chongqing) Corporation	"	540,231
Taiwan Crystal Technology (HK) Limited	"	5,363
TXC Japan Corporation	"	328
Liang Shing Eclife	"	8
Ningbo Beilun Jingyu Trading Corporation	"	34
Longying (Ningbo) Semiconductor Co., Ltd	"	30
TETC CORP. NINGBO	"	<u>101,648</u>
		<u>1,074,959</u>
Third parties		
A Corporation	Payment for goods	133,420
B Corporation	"	105,335
C Corporation	"	49,164
D Corporation	"	40,599
E Corporation	"	35,527
F Corporation	"	26,872
Others (Note)	"	<u>115,880</u>
		<u>506,797</u>
		<u>\$ 1,581,756</u>

Note: Each of the accounts was less than 5% of the total account balance.

STATEMENT 7**TXC CORPORATION****OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Quartz crystal products	\$ 8,855,331
Less: Sales returns	(31,714)
Less: Sales allowances	<u>(20,799)</u>
	<u>\$ 8,802,818</u>

STATEMENT 8**TXC CORPORATION**
**COST OF GOODS SOLD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)**

Item	Amount
Direct materials	
Beginning materials	\$ 471,710
Add: Material purchase	984,282
Add: Unfavorable cost variance	100,160
Less: Expense	(149,354)
Less: Others	(11,871)
Ending materials	<u>(456,201)</u>
	938,726
Direct labor	322,388
Overhead	<u>902,891</u>
Manufacturing cost	2,164,005
Beginning work in process	202,994
Add: Purchases	143,657
Add: Others	527
Less: Expense	(32,972)
Less: Favorable cost variance	(40,228)
Ending work in process	<u>(272,310)</u>
Finished goods cost	2,165,673
Beginning finished goods	348,318
Less: Favorable cost variance	(6,330)
Less: Expense	(11,789)
Less: Others	(171)
Ending finished goods	<u>(240,845)</u>
Production cost	<u>2,254,856</u>
Beginning merchandise inventory	418,403
Add: Purchase	4,586,806
Less: Favorable cost variance	(4,014)
Less: Expense	(1,232)
Less: Others	<u>(1,987)</u>
Ending merchandise inventory	<u>(475,460)</u>
Purchase cost	<u>4,522,516</u>
Loss on physical inventory	<u>14,600</u>
	<u>\$ 6,791,972</u>

STATEMENT 9**TXC CORPORATION****OVERHEAD EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Explanation	Amount
Indirect labor	Including salary and wages, pension, food stipend, employee benefits and insurance etc.	\$ 298,850
Indirect materials		97,443
Depreciation		296,474
Utilities		111,696
Others		<u>98,428</u>
		<u>\$ 902,891</u>

Note: Each of the accounts was less than 5% of the total account balance.

STATEMENT 10**TXC CORPORATION****OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Explanation	Selling and Marketing	General and Administration	Research and Development
Salary		\$ 55,093	\$ 129,223	\$ 266,492
Insurance		4,438	19,780	17,759
Depreciation		578	5,223	200,820
Research expense		-	-	91,559
Import and export expense		32,529	-	-
Others		<u>143,316</u>	<u>64,049</u>	<u>66,088</u>
		<u>\$ 235,954</u>	<u>\$ 218,275</u>	<u>\$ 642,718</u>

Note: Each of the accounts was less than 5% of the total account balance.

TXC CORPORATION

**EMPLOYEE WELFARE, DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

Item	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Salaries	\$ 535,310	\$ 403,498	\$ 938,808	\$ 676,513	\$ 533,191	\$ 1,209,704
Insurance	46,984	36,351	83,335	48,048	37,778	85,826
Pension	18,448	14,838	33,286	19,048	14,432	33,480
Remuneration of directors	-	32,472	32,472	-	55,057	55,057
Other employee benefit	20,949	10,285	31,234	583	1,377	1,960
	<u>\$ 621,691</u>	<u>\$ 497,444</u>	<u>\$ 1,119,135</u>	<u>\$ 744,192</u>	<u>\$ 641,835</u>	<u>\$ 1,386,027</u>
Depreciation expense	<u>\$ 296,474</u>	<u>\$ 206,621</u>	<u>\$ 503,095</u>	<u>\$ 309,276</u>	<u>\$ 185,601</u>	<u>\$ 494,877</u>

Note 1: As of December 31, 2023 and 2022, the number of employees was 1,072 and 1,166 people both with 8 directors not included in the employees.

Note 2: Information should be disclosed:

- a. The average of employee benefit is \$1,021,300 in the current year.
The average of employee benefit is \$1,149,370 in the previous year.
- b. The average of salaries is \$882,338 in the current year.
The average of salaries is \$1,044,650 in the previous year.
- c. Change in the average of salaries adjustment rates is (15.54%).

Note 3: The Company did not have the supervisors for the year ended December 31, 2023 and 2022. Therefore, the Company did not have the corresponding remuneration of supervisors.

Note 4: The Company and its subsidiaries set the salary scales according to the relative contribution of the employees' positions, in line with the Company's operation and development strategy, and based on their personal performance, future development potential and the Company's operation status as the basis for salary adjustment and bonus payment, so as to encourage the employees to make positive efforts and excellent performance and to achieve the "internal fairness" and "individual fairness" pursuant to the salary; and to encourage employees to deliver great performance at work, the Company allocates a certain proportion of profit-making earnings as the basis of employee dividends and shares the earnings results with colleagues, considers the benchmark enterprises of the industry, regularly checks the rationality of various salary and welfare systems by the "remuneration committee", maintains the Company's high level employee welfare, attracts outstanding talents to join and stay for a long time.

Note 5: The remuneration of directors is determined based on the Company's Articles of Incorporation. Fair remuneration is provided by considering the operation results and contributions towards company performance. President and vice presidents remuneration payment policy is based on the Company's Salary Management Rules and salary levels for that job position in the industry market, the scope of authority of that job position inside the Company and the degree of contribution toward operation targets. The procedure for setting remuneration follows evaluation and review procedures under the Company's Director and Manager Performance Evaluation Rules. In addition, the Company's overall operational performance, future industry risks and development trends, individual performance achievement rates and contribution towards company performance are also considered in order to provide a fair compensation. The fairness of related performance evaluations and remuneration are reviewed by the salary and compensation committee and board of directors. The remuneration system is discussed at appropriate time based on the actual operating conditions and with respect to related laws to achieve a balance between sustainable company operation and risk control.