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JIH LIN TECHNOLOGY CO., LTD.

2023 Annual Report

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Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Company office

I. Name, Title and Contact Details of Company's Spokesperson and Deputy Spokesperson

Spokesperson : Nien-Yi Wu

Title : Senior Manager

Telephone Number : (07) 365-8828 ext. 8101

E-mail address : edwardwu@jihlin.com.tw

Deputy Spokesperson : Chia-Chen Chang

Title : Vice General Manager

Telephone Number : (07) 365-8828 ext. 8101

E-mail address : Service@jihlin.com.tw

II. Address and Telephone Numbers of Company's Headquarters, Branches and Factories

Headquarters : No.58, Jhong Yang Rd., Nanzih Dist., Kaohsiung City 811617, Taiwan (R.O.C.)

Telephone Number : (07)365-8828

First Factory : No.43, Jhong Yang Rd., Nanzih Dist., Kaohsiung City 811617, Taiwan (R.O.C.)

Telephone Number : (07)365-8228

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Third Factory : No.40-1, Jhong Yang Rd., Nanzih Dist., Kaohsiung City 811617, Taiwan (R.O.C.)

Telephone Number : (07)365-8828

III. Name, Address, Website and Telephone Number of the Share Registrar

Name : Stock Management Service Department, Horizon Securities Co., Ltd.

Address : 3F., No. 236, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106047, Taiwan (R.O.C.)

Telephone : (02)2326-8818

Website : <http://www.honsec.com.tw>

IV. Names, Accounting Firm, Address, Website and Telephone Number of Independent Auditors in the Most Recent Year

Name : Cheng-Chu Chen and Kuo-Sen Hung

CPA Firm : Ernst & Young

Address : 17F., No. 2, Zhongzheng 3rd Rd., Xinxing Dist., Kaohsiung City 800208, Taiwan (R.O.C.)

Telephone Number : (07)238-0011

Website : http://www.ey.com/tw/zh_tw

V. Overseas Securities Exchange and Methods to Access Relevant Information : None

VI. Corporate Website : <http://www.jihlin.com.tw>

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I. Letter to Shareholders

1. Annual Business Report in 2023

(1) Operating plan and implementation result

Building on the developments of the previous year, the global economy continued to be overshadowed by high inflation and elevated interest rates in 2023, leading to a decrease in the economic growth rate compared to the previous year. The technological and economic competition between China and the United States, along with geopolitical tensions, impacted real production activities. Additionally, economic recovery stalled and there was a weakness in both economic revival and consumer confidence in China after eased the lockdown restrictions. Due to the aforementioned factors, semiconductor inventory clearance and overall business performance generally experienced a decline from the previous year. According to the World Semiconductor Trade Statistics (WSTS), global semiconductor sales in 2023 contracted for the first time since 2019, with a decline of approximately 9.4% compared to the previous year. The company's main product, Power Lead Frame, faced challenges as end customers in consumer electronics and industrial products continued inventory adjustments. Moreover, new energy vehicles, the main application, faced intense price competition in the automotive market because in China, a major production and sales hub where the rapid replacement of energy vehicles with traditional fuel vehicles and fierce competition among individual automakers took place. Affected by these factors and adjustments in the procurement policies of international Integrated Device Manufacturers (IDM) customers, the company's consolidated revenue declined by 18.21% compared to the previous year, amounting to NTD 5.132 billion, with earnings per share of NTD 1.75

(2) The Implementation of Budget

The Company does not disclose the financial forecast of 2023, so the detail of implementation is not available .

(3) Financial Income/Expenses and Profitability

In Thousands of New Taiwan Dollars

Item			2023	2022	Rate of change (%)
Financial Balance	Consolidated Net Revenue		5,131,552	6,274,400	(18.21)%
	Consolidated Gross Profit		717,171	951,134	(25.69)%
	Consolidated Net Income after Tax		178,637	416,726	(59.63)%
Profitability	Return on Assets (%)		3.85%	7.92%	(51.36)%
	Return on Equity (%)		5.97%	13.46%	(55.65)%
	Ratio to Paid in Capital (%)	Operation profit	22.13%	43.36%	(48.96)%
		Profit before tax	27.03%	51.73%	(47.74)%
	Profit Margin (%)		3.48%	6.64%	(47.59)%
	Earnings per Share (NTD)		1.75	4.08	(57.13)%

(4) Research and Development Status

- A. To invested in the development of high-efficiency power modules, the thin Lead Frames, clips, and rectifier protection component Lead Frames. In response to the rapid growth of electric vehicles, data centers, and edge computing products which have possess characteristics like high voltage, large current, and high computational capabilities, leading to high power density, efficient heat conduction, and low impedance.
- B. To introduce plated metal surface roughness skill, and partial plating into product process that promote product differentiation and enhance product competitiveness as customer's demand on automotive power device.
- C. To enhance the mass production ability of each factories within the group on developing the customized Power Lead Frame for international Integrated Device Manufacturers (IDM) customers. This is aimed at securing opportunities in the increasingly diversified development of the current semiconductor supply chain and striving to capitalize on emerging trends.
- D. To align with the industrial developing trend and the trend of extending power semiconductor materials to WBGs (Wide Band Gap semiconductor) material. We aim to enhance the opportunities for technical development and integrated product development with our customers.

2. Overview of 2024 Business plan

(1) Business policy

Starting from the second half of 2022, the global electronics industry has entered a phase of inventory adjustment, with supply chains gradually destocking. Despite rapid growth in sales of electric vehicles and other products, consumer was sensitive to price fluctuation due to inflation and geopolitical tensions has increased. Overall economic conditions are showing a trend of low growth. Additionally, China's rapid expansion in the production of electric vehicles, new energy products, and semiconductor products in recent years has led European and American countries to impose controls or adopt measures such as trade investigations and tariffs in response. On the other hand, with the development of technologies and the application, manufacturers have begun to release new types of network information products such as AI servers and AI smartphones in the field of generative AI and edge computing. These products feature more complex and diverse chip functionalities, consuming several times more electricity than traditional products. This trend is expected to contribute to the future demand development of power components. In response to the current technological development, industry trends, and operating environment, the Company has adopted the following business strategies: Promoting the company's unique processes such as rough plating and spot plating technologies to customers, thereby adding value.

- A. To enhance the promotion of specific process and its feature e.g. plating roughness and spot plating to customer and raise business value.
- B. To optimize product profolio and customer distribution constantly.
- C. To balance the investment and perfect the resilience in supply chain because of the trend of regional supply.
- D. To conduct a emission inventory project and subsequent sustainable development operations, enhancing our commitment to promoting ESG (Environmental, Social, and Governance) missions.

(2) Sales forecast and basis

The Company does not disclose the financial forecast of 2024 so the sales forecast of 2024 is not available.

(3) Key production and sales policies

- A. To collaborate with strategic clients on the development of technical products to enhance long-term cooperation.
- B. To implement special division of labor production according to the maturity of production technology and cost competitiveness of each branch.
- C. To implement group procurement for common projects to improve efficiency.

3. Strategies for Future Developments

(1) Short-term development strategy

- A. To enhance inventory management efficiency in line with customer demands and market changes.
- B. To undertake a greenhouse gas inventories project and subsequent sustainability development initiatives.
- C. To coordinate with customer production site adjustments and deployment, ensuring seamless integration capabilities across various locations within the group.

(2) Mid-term and long-term development strategy

- A. To align with the trend of automobile electronic development, intensify cooperative opportunity with IDM customer and other accessory factory, improve development ability on three main power modular “electronic drive”, “electronic control” and “battery management”, and exploit automotive power semiconductor grow
- B. To utilize the advantage of product development, production and sales in each related parties of the group, realize the specification of works and strengthen resource integration.
- C. To develop advanced components, such as thick copper substrates, for efficient heat dissipation for high-power components. To enhance the Group's excellent processing skills in copper and metal products.

4. Impacts from External Competitions, Regulatory Compliance and Macro-environment

(1) External competitions

The Company is a professional manufacturer of customized power component Lead Frames. The products range from Low-Power Discrete Transistor, Rectifiers, Diodes, to automotive TO series Power Transistors and Intelligent Power Modules. Benefiting from the influence of carbon neutral policies in various countries, automotive electronics products and industrial energy-saving products are gaining more and more attention. In 2023, the sales of power discrete components was USD35.9 billion with a yearly growth rate 5.8%, mainly came from the new energy products such as electric vehicles. In 2023, the sales of electric vehicles reached 12.8 million units, with an estimated annual growth rate of about 20%. The growth momentum mainly comes from mainland China. However, due to the sluggish consumer demand in mainland China and the remaining price advantage of electric vehicles compared to fuel vehicles, Chinese automakers are aggressively reducing prices to rapidly replace traditional automobiles. This continuous price reduction has caused consumer expectations to delay consumption and has affected supply chain operators.

In addition, due to the shortage of semiconductor chips in 2021 and the impact of regional geopolitics, major countries or regions will not only regard semiconductors as important strategic materials, but also invest in the establishment of supply chains. Some countries, such as Taiwan, the United States, Japan, and South Korea, formed the Chip 4 chip alliance to strengthen the resilience of the semiconductor supply chain. This situation will break the previous characteristics of global professional division of labor, so the resource layout of the electronic component industry in the future will be more complicated than before. Because Mainland China has continued to advance the back-end packaging and testing industry during the past twenty years, the Mainland packaging and testing manufacturers and material manufacturers have benefited from the "market for technology" strategy and the national financial subsidy policy. Their layout in the Asia-Pacific region, the quality technology and competitiveness in medium and low-power components have gradually caught up with IDM manufacturers. Although the trade sanctions imposed by the United States through the export blacklist are gradually increasing, but their market share of terminal applications is big. It is estimated that they will adopt dual methods of self-development and strategic cooperation to enter the semiconductor market. Jih Lin Technology currently has a certain market share in global power Lead Frame market. In the future, it will strengthen the group management with its own resources and competitive advantages, and make use of the competitive advantages of various affiliated companies in their region to reduce the impact of external environmental change on the Company.

(2) Regulatory compliance

In addition to the the relevant laws and regulations at home and abroad are followed in daily operation, the Company also pays attention to changes in important policies and regulations at home and abroad any time and fully grasps and responds to changes in the market environment. Developing necessary immediate reaction meet the Company's operating needs in order to comply with laws and regulations. Therefore, important policy and legal

changes at home and abroad have no significant impact on the Company's finance and business.

(3) Macro-environment

Due to persistent global inflation and regional political instability, the global economic recovery is slow. According to the Organization for Economic Co-operation and Development (OECD) forecasts, the global economic growth rate is expected to decrease from 3.0% in 2023 to 2.7% in 2024. The Company's main product, Power Lead Frame, is the main beneficiary of the the global carbon neutral policy, and the product has great potential for development. Although the purchasing power may be reduced due to inflation in the short term, new energy vehicles, the main application products, are currently structurally replacing traditional fuel vehicles. For a long time, the Company has adopted a decentralized sales policy to respond to the possible evolution of market supply and demand and the economic environment. In the future, we will not only improve customer order management but also study industry changes and laws and regulations to fully grasp changes in the market environment so that we can formulate necessary countermeasures as soon as possible.

Thanks again to all shareholders for support,
Sincerely Yours

Company : JIH LIN TECHNOLOGY CO., LTD.

Chairperson : Shang-Yuan Tsai

General Manager : Shang-Ming Tsai

Accounting Supervisor : Chia-Chen Chang

II. Company Profile

1. Date of Incorporation

Founded on 18 October, 2000.

2. Company History

2000	JIH LIN Technology Co.,Ltd was founded with paid in capital of NTD5 million. Focus on manufacturing of Semiconductor Lead Frame.
2002	Applied a cash capital increase of NTD16 million, and total paid in capital became NTD21 million.
2003	JIH LIN Technology moved to Kaohsiung Nanzih Export Processing Zone (Renamed as Nanzih Technology Industrial Park). Applied a cash capital increase of NTD22.5 million, and total paid in capital became NTD43.5 million. Applied a cash capital increase of NTD76.5 million, and total paid in capital became NTD120 million.
2004	Obtained ISO9001 quality control and ISO14001 environmental management system Certification. Planting line was built and in compliance with Kaohsiung government environmental regulation No.0930043185. Applied a cash capital increase of NTD68 million, and total paid in capital became NTD188 million.
2005	Applied a cash capital increase of NTD62 million, and total paid in capital became NTD250 million.
2006	Applied a cash capital increase of NTD50 million, and total paid in capital became NTD300 million. Purchased the Second Factory in Kaohsiung Nanzih Export Processing Zone (Renamed as Nanzih Technology Industrial Park) to expand production capacity, meet customer needs, serve mainland customers and expand business. Indirect investment in JINAN JIH LONG Technology Co.,Ltd to serve mainland customers.
2007	Applied a cash capital increase of NTD 80 million, and total paid in capital became NTD380 million. Increase plating capacity from four lines to thirteen lines. Proceed the certification process of ISO-TS16949. Won the small and medium enterprises golden business award of 2007 Export Processing Zone(Renamed as Technology Industrial Park).

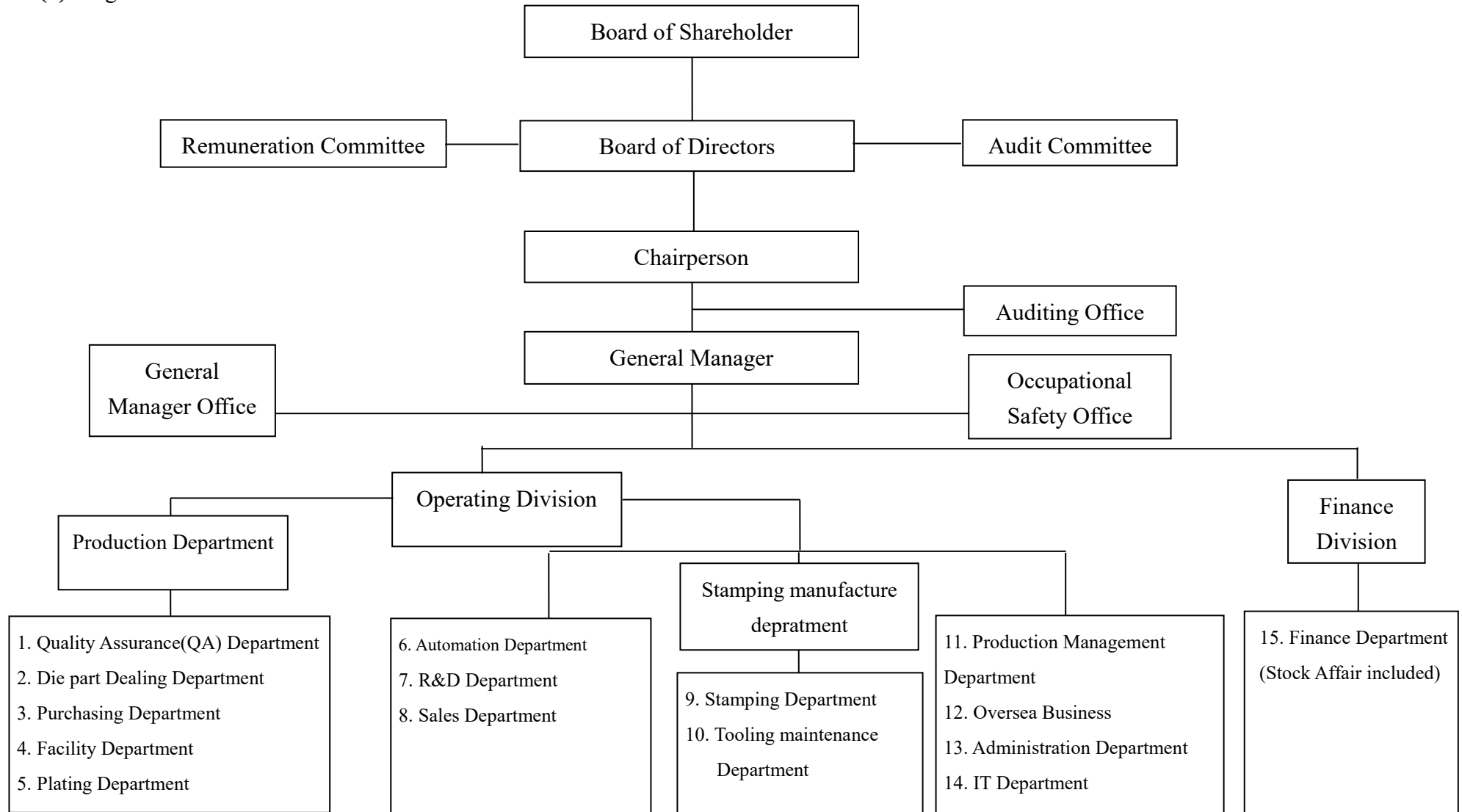
- 2008 Applied a cash capital increase of NTD86 million, and total paid in capital became NTD466 million.
Obtained ISO-TS16949 Quality control system certification.
JINAN JIH LONG Technology started operating in Quarter 2.
- 2009 Received certification of appreciation from Cheng Shiu University for assistance in handling the Ministry of Education's "Cultivation of High-quality Manpower to Promote Employment Program."
- 2010 Applied a cash capital increase of NTD54 million, and total paid in capital became NTD520 million.
- 2011 Plating line started operating in JINAN JIH LONG Technology.
Applied a cash capital increase of NTD 60 million, and total paid in capital became NTD580 million.
ERP system was officially launched in Quarter 2.
Capitalization from retained earnings under NTD 29 million, and total paid in capital became NTD609 million.
- 2012 Established wholly-owned company JIH LI Technology Co., Ltd by indirect investment, and Lead Frame capability was expanded.
Received approval for public trade from Securities and Futures Bureaus, Financial supervisory commission, R.O.C in June.
Traded on the Emerging Stock Market in September.
- 2013 JIH LI Technology Co., Ltd started operating.
- 2014 Applied a cash capital increase of NTD71 million before publish trade on the Stock Market, and total paid in capital became NTD680 million.
Traded on the Stock Market on 25th Febuary.
Issued first domestic unsecured convertible Bond with bond value NTD720 million in September.
- 2015 The groundbreaking of JIH LIN Headquater and R&D building was held in May.
Capitalization from retained earnings under NTD68 million, and total paid in capital became NTD748 million.
Expansion of the Second Factory building in JINAN JIH LONG Technology was completed.
Received approval for plating line expansion in JINAN JIH LONG Technology.
- 2016 The Memorandum of Understanding signed by JIH LIN Technology Co., Ltd and Japan SH Materials Co.,Ltd about power Lead Frames and discrete Lead Frames business transaction in three subsidiaries.

- 2017 Owned wholly owned three Lead Frames manufacturing companies SH Precision Co., Ltd (SHPJ), Suzhou SH Precision Co., Ltd (SSHP) and Malaysian SH Precision SDN BHD(MSHP) in June, which were under Lead Frame division in Sumitomo Metal Mining Co.,Ltd (SMM) before.
The first domestic unsecured convertible bonds have been converted into 8,037,198 shares, and total paid in capital became NTD828,372 thousand.
- 2018 Purchased Factoryr B from JIA WEI Photoelectricity Co.,Ltd in February.
Purchased Factoryr A from JIA WEI Photoelectricity Co.,Ltd in October.
Issued second domestic unsecured convertible bond with bond value NTD600 million in October.
The first domestic unsecured convertible bonds have been converted into 1,776,216 shares, and total paid in capital became NTD846,134 thousand.
- 2019 The Third Factory of JIH LIN Technology started operating in Nanzih Export Processing Zone (Renamed as Nanzih Technology Industrial Park).
The first domestic unsecured convertible bonds have been converted into 9,475,845 shares, and total paid in capital became NTD940,893 thousand.
- 2020 Set metal surface treating production line in the Third Factory in Nanzih.
The Second Factory started establishing in Suzhou SH Precision.
- 2021 Metal surface treating production line started operating officially in the Third factory in Nanzih in Quarter 3.
The Second Factory in Suzhou SH Precision was finished.
The second domestic unsecured convertible bonds have been converted into 7,951,667 shares, and total paid in capital became NTD1,020,409 thousand.
- 2022 The Second Factory of Suzhou SH Precision starts operating.
- 2023 Won the award of the Ministry of Economic Affairs, Industrial Development Bureau's Circular Economy and Low-carbon Sustainable Industrial Park Promotion Program for 2021 to 2023.
Received a Certificate of Appreciation from the Kaohsiung Blood Donation Center for enthusiastic participation in blood donation.

III. Corporate Governance

1. Organization

(1) Organizational Structure



(2) Functions

Department	Functions
General Manager Office	● To deal with investor relationship and public relationship matter.
Auditing Office	● To conduct company operating audit. ● To conduct internal controls self-appraisal work. ● To make audit result report and follow up improvement result.
Occupational Safety Office	● Labor safety and hygiene management.
Die part Dealing Department	● To fabricate tooling parts.
Purchasing Department	● To manage purchasing and vender delivery date. ● To manage parts fabricating and vender delivery date. ● To manage tooling parts fabricating plan and parts inventory. ● To manage supplier evaluation.
Quality Assurance(QA) Department	● To perform IQA,in-process quality control and FQC. ● To plan,establish,perform and maintain the quality control system. ● To response customer compliant and follow up the correct action.
Facility Department	● To operate eco-friendly equipment and deal with waste water. ● To manage fire fighting equipment. ● To maintain and repair facilities as well as handyman work.
Plating Department	● To be responsible for plating product manufacturing. ● To perform coil product decreasing work and equipment maintenance. ● To perform chemical analysis and chemical medicine management.
Automation Department	● To design and develop automatic equipment. ● To design,develop and assemble molding tooling.
R&D Department	● To draw up research development plan and perform the plan. ● To develop and test new product,new technology and product improvement. ● To develop tooling and control tooling making, and in charge of stamping tooling assembly.
Sales Department	● To perform market survey and development,draw up sales plan based on company policy and goal,and promote the business. ● To be responsible for customer PO management and align production schedule with sales target; and in charge of the service after delivery and customer complaint management. ● To support project management on new product development. ● To be responsible for bonded goods application and management.
Stamping Department	● To be responsible for stamping product manufacturing. ● To perform frame product degreasing work and equipment maintenance.

Tooling Maintenance Department	● To be responsible for stamping tooling repairment and maintenance. ● To be responsible for stamping skill and technique management.
Production Management Department	● To be responsible for production schedule planning and management, and to align production schedule with sales target. ● To be responsible for inventory management and inventory aging analysis. ● To be responsible for delivery management.
Oversea Business	● To supervise the operation of subsidiaries oversea.
Administration Department	● To be responsible for human resource management. ● To be responsible for general affairs management. ● To be responsible for asset management.
IT Department	● To maintain computer hardware and software. ● To be responsible for information system maintenance, database control and backup, internet and system safety management. ● ERP system maintenance-programming/development.
Financial Department (Stock Affair included)	● To be responsible for financial management and funding movement. ● To be responsible for accounting. ● To be responsible for tax planning and operating result analysis. ● To be responsible for stock affair and cooperate governance. ● To responsible for funding movement and financial monitoring on subsidiaries. ● To evaluate the investment project.

2. Information of Directors, General manager, Vice General manager, Assistant Manager and Managers of Departments and Branches :

(1) Directors

A. Directors

As of April 23, 2024 ; In share

Title (Remark 1)	Nationality or Place of Registration	Name	Gender Age (Remark 2)	Date Elected	Term	Date First Elected (Remark 3)	Shareholding When Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Selected Past Positions (Remark 4)	Selected Present Positions at the Company and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remarks (5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson	R.O.C	Shang-Yuan Tsai	Male 61~70	2021.07.22	3 years	2000.10.18	7,887,550	8.38%	10,087,550	9.89%	3,429,500	3.36%	1,916,791 (Remark 6)	1.88%	● Graduated from the mechanical engineering department of AEUST (Asia Eastern University) ● Teach in mechanical engineering engineer department of National Fongshan Senior Commercial & Industrial Vocational ● Class B Technician certification of Ministry of the Interior ● Class B technician certification for lathe workers of the ministry of the Interior ● Class B technician certification of precision grinding machines of the Ministry of the Interior	● Chairperson of JIH LIN Technology Co., Ltd ● Director of JIH LONG Industry Co., Ltd ● Chairperson of JINAN JIH LONG Technology Co., Ltd. ● Director of JIH HONG Electronic Co., Ltd ● Chairperson of JIH LI Technology Co., Ltd ● President of XinYing Industrial Vocational High school engineering cultural and educational foundation ● Director of HUNG HSIU Investment Co., Ltd ● Chairperson of SH Precision Co., Ltd.	Director General manager	Shang-Ming Tsai	Brother	None
																Vice general manager	Ting-Hung Tsai	Father and Son		
Director	R.O.C	Shang-Ming Tsai	Male 61~70	2021.07.22	3 years	2000.10.18	7,125,000	7.57%	8,875,000	8.70%	2,319,500	2.27%	6,438,663 (Remark 7)	6.31%	● Graduated from Kao-Yuan Vocational industrial high school of Technology & Commerce ● General Manager of JIH LONG Technology Ltd. ● General Manager of JIH YIN Precision Co., Ltd.	● General manager of JIH LIN Technology Co., Ltd ● Director with general manager position of JIH LONG Industry Co., Ltd ● Director with general manager position of JINAN JIHLONG Technology Co., Ltd. ● Director of JIH HONG Electronic Co., Ltd ● Director with general manager position of JIH LI Technology Co., Ltd ● Director of WEI SHAN investment Co., Ltd ● Chairperson of Suzhou SH Precision Co., Ltd.	Chairperson	Shang-Yuan Tsai	Brother	None
																Director Vice general manager	Meng-Wei Tsai	Father and Son		

Title (Remark 1)	Nationality or Place of Registration	Name	Gender Age (Remark 2)	Date Elected	Term	Date First Elected (Remark 3)	Shareholding When Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Selected Past Positions (Remark 4)	Selected Present Positions at the Company and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Meng-Wei Tsai	Male 41~50	2021.07.22	3 years	2004.07.28	2,541,000	2.70%	2,541,000	2.49%	0	0.00%	200,000 (Remark 8)	0.20%	● Bachelor degree in applied economics, National Chung Hsing University. ● Master of commerce, Marketing institute of Queensland University of Technology. ● Assistant sales manager of Jih Lin Technology Co., Ltd	● Vice general manager of JIH LIN Technology Co., Ltd. ● Director of JIH LI Technology Co., Ltd ● Director of SH Precision Co., Ltd. ● Chairperson of Malaysian SH Precision Sdn Bhd ● Director of Suzhou SH Precision Co., Ltd. ● Director of SHOUDA international investment Co., Ltd	Director General manager	Shang-Ming Tsai,	Father and Son	None
Director	R.O.C	Cheng-Han Jiang	Male 41~50	2021.07.22	3 years	2012.11.06	508,200	0.54%	508,200	0.50%	21,000	0.02%	0	0.00%	● Bachelor degree in accounting, Tamkang University ● UCLA business management course ● Chief of auditor in KPMG ● American CPA	● Assistant manager of masterlink securities Co., Ltd	None	None	None	None
Independent Director	R.O.C	Jhao-Rong Guo	Male 61~70	2021.07.22	3 years	2012.11.06	0	0.00%	0	0.00%	0	0.00%	0	0.00%	● Doctorate of the economics institute of National Chengchi University ● Associate professor at financial management department of National Sun Yat-sen University ● Head of financial management department of National Sun Yat-sen University	● National Sun Yat-sen university emeritus professor and adjunct director at financial management department	None	None	None	None
Independent Director	R.O.C	En-Cih Jheng	Male 61~70	2021.07.22	3 years	2021.07.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	● Bachelor degree in finance and taxation, Fengjia University ● Manager of Taiwan bank sanmin branch ● Manager of Taiwan bank fengshan branch ● Manager of Taiwan bank kaohsiung branch ● Director of Tang Eng Iron Works Co.,Ltd.	● Director of Holy Light Theological Seminary ● CEO of Bai Shan Foundation	None	None	None	None

Title (Remark 1)	Nationality or Place of Registration	Name	Gender Age (Remark 2)	Date Elected	Term	Date First Elected (Remark 3)	Shareholding When Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Selected Past Positions (Remark 4)	Selected Present Positions at the Company and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Jhe- Hong Wu	Male 51~60	2021.07.22	3 years	2021.07.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	● Doctorate in engineering from National Cheng Kung University ● Associate professor at environmental engineering department of National Cheng Kung University ● Associate professor at environmental engineering department of National Cheng Kung University	● Professor at environmental engineering department of National Cheng Kung University	None	None	None	None

Remark 1 : Shall list institutional shareholder's name with its representative name respectively (Shall list company name if represent a institutional shareholder), and be presented on this table.

Remark 2 : Please list the actual age and be shown as the mode of age range, eg. 41 to 50 years old or 51 to 60 years old.

Remark 3 : Shall remark and state when there is any interruption in the period of being company's director or supervisor who is first time be appointed.

Remark 4 : Shall state the position and responsibility before when the experience in which working in auditor accounting firm or affiliated company related to current position.

Remark 5 : Shall state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers) when the Company's Chairperson and General Manager or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship.

Remark 6 : It is the shares held by HONG HSIU International Investment Co., Ltd.

Remark 7 : It is the shares held by JIH LONG Industry Co., Ltd and Wei Shan investment Co., Ltd.

Remark 8 : It is the shares held by SHOUDA international investment Co., Ltd.

B. Professional Qualifications of Directors and Independence Status of Directors :

(a) Professional Qualifications and Experiences of Directors :

Name	Professional Qualifications and Experiences
Chairperson Shang-Yuan Tsai	He graduated from the mechanical engineering department of AEUST (Asia Eastern University of Science and Technology). He is the chairperson of the Company and the director of related enterprises now with more than five years of business, financial and sales working experience. He is committed to the Leadrame related industry for more than twenty years with the capabilities of professional leadership, operation management and strategic planning. He lead the company to being the pioneer in the industry.
Director Shang-Ming Tsai	He graduated from Kao-Yuan industrial vocational high school of technology and commerce. He is the general manager of the Company and the director of related enterprises now with more than five years of business, financial and sales working experience. He is committed to the Leadrame related industry for more than 20 years with the capabilities of professional leadership, operation management and strategic planning.
Director Meng-Wei Tsai	He graduated with a master's degree in commerce from the marketing institute, Queensland University of Technology, Australia. He is the executive vice general manager of the Company and the director of related enterprises now with more than five years of business, finance and sales working experience. He owns the capabilities of professional leadership, marketing and strategic planning.
Director Cheng-Han Jiang	He graduated from the accounting department of Tamkang University, and owns certification of American accountant. He is the deputy manager of Yuanfu Securities Co., Ltd. now with more than five years of business, finance, accounting and sales working experience, specializing in the corporate finance and accounting affairs.
Independent Director Jhao-Rong Guo	He graduated with doctorate from the economics institute of National Chengchi University. He is the convener of the Remuneration Committee and the Audit Committee of the Company, and has served as an associate professor and head of the department of finance, national Sun Yat-sen University, with more than five years of experience as a professor in public and private colleges and universities in related disciplines of business and corporate business, specializing in financial management.
Independent Director En-Cih Jheng	He graduated from the finance and taxation department of Fengjia University. He is a member of the Remuneration Committee and the Audit Committee of the Company and served in Bank of Taiwan Co., Ltd. for more than 40 years with more than five years of work experience and professional qualifications required for business, finance, accounting and sales, and specializing in finance.
Independent Director Jhe-Hong Wu	He graduated with doctorate in engineering from National Cheng Kung University. He is a member of the Remuneration Committee and the Audit Committee of the Company and serve as an professor at the environmental engineering department of National Cheng Kung University with more than five years of experience as a professor in public and private colleges and universities in related disciplines of business and corporate business, specializing in environmental engineering.

(b) Independence Information of Directors :

Name	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairperson Shang-Yuan Tsai	1. Concurrently serves as a director of related companies (100% subsidiary) of the Company. 2. One of top ten natural person shareholders of the Company. 3. Not a person of any conditions set forth in Article 30 of the Company Act. 4. Has been verified in accordance with the independence requirements listed in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " promulgated by the Financial Supervisory Commission and meet the relevant independence requirements.	0
Director Shang-Ming Tsai	1. Serves as the general manager of the Company who is the manager. 2. Concurrently serves as a director of related companies (100% subsidiary) of the Company. 3. One of top ten natural person shareholders of the Company. 4. Not a person of any conditions set forth in Article 30 of the Company Act. 5. Has been verified in accordance with the independence requirements listed in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " promulgated by the Financial Supervisory Commission and meet the relevant independence requirements.	0
Director Meng-Wei Tsai	1. Serves as the vice general manager of operating division of the Company who is the manager 2. Concurrently serves as a director of related companies (100% subsidiary) of the Company. 3. Not a person of any conditions set forth in Article 30 of the Company Act. 4. Has been verified in accordance with the independence requirements listed in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " promulgated by the Financial Supervisory Commission and meet the relevant independence requirements.	0

Name	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Cheng-Han Jiang	1. Not a person of any conditions set forth in Article 30 of the Company Act. 2. Has been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and meet the relevant independence requirements.	0
Independent Director Jhao-Rong Guo	1. In accordance with the Company's Article of Incorporation and the "Code of Practice for Corporate Governance", directors are elected through the nomination system. When nominating and selecting members of the Board of Directors, the Company had obtained the written statement, work experience, employment certificate, and family relationship form provided by each director to verify the independence of himself, his partner and his family from the Company.	0
Independent Director En-Cih Jheng	2. The Company had also verified that the three independent directors listed on the left have complied with the requirements of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and qualification requirements stipulated in Article 14-2 of the Securities Exchange Act during the two years before the election and during their tenure. And there is no one of the conditions in Article 30 of the Company Act nor Article 27 of the Company Act that the government, institution or its representative be elected.	0
Independent Director Jhe-Hong Wu	3. Independent directors have been granted the power 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 accordingly.	0

C. Board Diversity and Independence Status :

(a) Board structure:

The Board diversity is set out in Chapter 3 "Enhancement of Board Function" of the " Code of Practice for Corporate Governance ".

The Board shall govern corporate strategies, supervise the management and be responsible to the Company and the shareholders' meetings. Procedures and arrangements of the corporate government system shall ensure the Board would exercise its authority pursuant to applicable the laws and regulations in the Article of Incorporation or the resolutions or the shareholders' meeting. The Company's Board shall have above at least five directors based on its business scale, shareholdings of major shareholders as well as the needs of practical operation.

The concept of diversity shall be incorporated in the composition of Board members. Besides banning directors who are also managers of the Company on taking more than one-third of director seats, appropriate diversity guidelines are formulated based on operations, business types and developments. These guidelines shall include but not limited to the standards of the following two aspects:

① Fundamental conditions and values: Gender, age, nationality, culture, etc. and female directors are advised to account for one-third of all directors.

② Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, industry experience, etc.

Board members shall generally possess the knowledge, skills and understanding required to fulfill their mandates. To achieve the ideal goal of corporate governance, the Board as a whole shall possess the following capabilities:

① Business judgement

② Accounting and finance analysis

③ Business management

④ Crisis management

⑤ Industry knowledge

⑥ Global market perspective

⑦ Leadership

⑧ Decision-making

The Company has established a director selection system. The selection process of all directors is open and fair, which is in line with the Company's " Article of Incorporation", "Director Election Method", " Code of Practice for Corporate Governance", "Public Issuance Company Independent Director Appointment and Matters to Be Followed" " and "Securities Exchange Law Article 14-2" etc. The current Board of Directors consists of 7 directors, including 3 independent directors and 2 directors with employee status (42.86% and 28.57% of all directors respectively). Members have rich experience and expertise in the fields of industry, commerce and finance, and fully implement the concept of diversification of Board members. Four directors age between 61 and 70, one director age between 51 and 60, and two directors age between 41 and 50.

(b) Implementation of Board diversity :

Diverse Items Directors Names	Nation	Gender	The Company's Employee	Age			Professional background (degree)	Seniority of Independent Director			Business Judgment	Accounting and Finance Analysis	Business Management	Crisis Management	Industry Knowledge	Global Market View	Leadership	Decision- Making
				41 to 50	51 to 60	61 to 70		Under 3 years	3 to 9 years	Over 9 years								
Shang-Yuan Tsai	R.O.C	Male				✓	Industry				✓	✓	✓	✓	✓	✓	✓	✓
Shang - Ming Tsai	R.O.C	Male	✓			✓	Industry				✓	✓	✓	✓	✓	✓	✓	✓
Meng-Wei Tsai	R.O.C	Male	✓	✓			Business Marketing				✓	✓	✓	✓	✓	✓	✓	✓
Cheng-Han Jiang	R.O.C	Male		✓			Business Administration				✓	✓	✓	✓	✓	✓	✓	✓
Jhao-Rong Guo	R.O.C	Male				✓	Financial Management			✓	✓	✓	✓	✓		✓	✓	✓
En-Cih Jheng	R.O.C	Male				✓	Taxation	✓			✓	✓	✓	✓	✓	✓	✓	✓
Jhe-Hong Wu	R.O.C	Male			✓		Industry	✓			✓		✓	✓	✓	✓	✓	✓

According to the current scale of operation and development, the company has set up seven directors (including three independent directors), including three directors who also serve as managers, three independent directors and one external director, which complies with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

(c) Board independence :

The Company's Board of Directors guides the Company's strategy, supervises the management level, and is responsible to the Company and shareholders. In terms of the various operations and arrangements of the corporate governance system, the Board of Directors exercises its powers in accordance with laws, the Company's Article of Incorporation, or resolutions of the shareholders' meeting. The Company's Board of Directors emphasizes the functions of independent operation and transparency. Directors and independent directors are independent individuals and independently exercise their duties. The three independent directors also follow the relevant laws and regulations and exercise the powers of the Audit Committee to review the potential risks management of the Company, so as to effectively supervise the implementation of the Company's internal control, the selection (dismissal) of certified accountants, and independence and proper preparation of financial statements. In addition, according to the company's "Director Election Method" there adopts a cumulative voting system and a candidate nomination system to encourage shareholders to participate. Shareholders holding more than a certain number of shares may submit a list of candidates. The examination of the qualifications of the candidate and the confirmation of whether there is any violation of the items listed in Article 30 of the Company Act are carried out in accordance with the law and announced to protect the rights and interests of shareholders, so as to avoid monopoly or excessive nomination rights and maintain independence.

The company has established a board performance evaluation system and conduct an internal assessment of the board and individual director performance annually. The results of these self-assessments are reported to the board and disclosed in the company annual report and official website.

The board performance evaluation includes the following criteria:

- ① Involvement in company operations.
- ② The quality of Board decision-making.
- ③ Board composition and structure.
- ④ Directors election and advanced studies.
- ⑤ Internal control.

The individual director self-assessment includes the following criteria:

- ① Mastery of company goals and tasks.
- ② Awareness of directors' responsibilities.
- ③ Involvement in company operations.
- ④ Internal relationship management and communication.
- ⑤ Directors expertise and advanced studies.
- ⑥ Internal control.

Besides, in order to ensure transparency for investors, the Company disclose the following information regarding board operations in the company annual report, official website, or MPOS platform:

- ① Attendance of board members at board meetings.
- ② Agenda and decisions of board meetings.
- ③ Participation in advanced studies by board members.
- ④ Changes in shareholding of board members (please refer to the MPOS platform.)

(2) General manager, Vice General manager, Assistant Manager and Managers of Departments and Branches

As of April 23, 2024 ; In share

Position	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Selected Past Positions (Remark 2)	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (3)
					Shares	%	Shares	%	Shares	%			Position	Name	Relation	
General Manager	R.O.C	Shang-Ming Tsai	Male	2011.05.20	8,875,000	8.70%	2,319,500	2.27%	6,438,663 (Remark 4)	6.31%	● Graduated from Kao-Yuan Vocational industrial high school of Technology & Commerce. ● General Manager of JIH LONG Technology Ltd. ● General Manager of JIH YIN Precision Co., Ltd.	● Director with general manager position of JIH LONG Industry Co., Ltd. ● Director with general manager position of JINAN JIHLONG Technology Co., Ltd. ● Director of JIH HONG Electronic Co., Ltd. ● Director with general manager position of JIH LI Technology Co., Ltd. ● Director of WEI SHAN investment Co., Ltd. ● Chairperson of Suzhou SH Precision Co., Ltd.	Vice General manager	Meng-Wei Tsai	Father and Son	None
Operating Devision Vice general manager	R.O.C	Meng-Wei Tsai	Male	2008.07.07	2,541,000	2.49%	0	0.00%	200,000 (Remark 5)	0.20%	● Bachelor degree in applied economics, National Chung Hsing University. ● Master of commerce, Marketng institute of Queensland University of Technology. ● Assistant sales manager of JIH LIN Technology Co., Ltd.	● Director of JIH LI Technology Co., Ltd. ● Director of SH Precision Co., Ltd. ● Chairperson of Malaysian SH Precision Sdn Bhd. ● Director of Suzhou SH Precision Co., Ltd. ● Director of SHOUDA international investment Co., Ltd.	General manager	Shang-Ming Tsai	Father and Son	None

Position	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Selected Past Positions (Remark 2)	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (3)
					Shares	%	Shares	%	Shares	%			Position	Name	Relation	
General manager office Vice general manager	R.O.C	Chien-Sheng Li	Male	2007.05.02	96,575	0.09%	0	0.00%	0	0.00%	● Bachelor degree in account, Chung-Yuan Christian University. ● Team leader of Ernst & Young ● Administrative manager of JIH LIN Technology Co., Ltd. ● Audit senior manager of JIH LIN Technology Co., Ltd.	● Director of JINAN JIH LONG Technology Co., Ltd. ● Director with General Manager position of Suzhou SH Precision Co., Ltd.	None	None	None	None
Production Department Vice General Manager	R.O.C	Ting-Hung Tsai	Male	2019.01.22	712,800	0.70%	0	0.00%	152,000 (Remark 6)	0.15%	● Master degree in commercial, marketing institute of Monash University. ● Chairperson assitsant of JIH LIN Technology Co., Ltd.	● Director of SH Precision Co., Ltd. ● Director of Malaysian SH Precision Sdn. Bhd. ● Director of Suzhou SH Precision Co., Ltd. ● Director of MING HUANG investment Co., Ltd	None	None	None	None
Finance Division Vice General Manager	R.O.C	Chia-Chen Chang	Female	2019.11.11	26,000	0.03%	0	0.00%	0	0.00%	● Master degree in business, financial management institute of National Kaohsiung First University of Science and Technology. ● Manager of Ernst & Young ● Financial senior manager of JIH LIN Technology Co., Ltd.	● Supervisor of JIH LI Technology Co., Ltd. ● Supervisor of JINAN JIH LONG Technology Co., Ltd. ● Supervisor of SH Precision Co., Ltd. ● Supervisor of Malaysian SH Precision Sdn. Bhd. ● Supervisor of Suzhou SH Precision Co., Ltd.	None	None	None	None
Sales Department Senior Manager	R.O.C	Shu-Hui Chen	Female	2004.08.10	0	0.00%	0	0.00%	0	0.00%	● Bachelor degree in foreign language department, National Cheng Kung University. ● Shun San Enterprise Co., Ltd.	None	None	None	None	None

Position	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Selected Past Positions (Remark 2)	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (3)
					Shares	%	Shares	%	Shares	%			Position	Name	Relation	
General Manager Office Senior Manager	R.O.C	Nien-Yi Wu	Male	2017.11.03	11,000	0.01%	0	0.00%	0	0.00%	● Master degree in business management institute, National Cheng Kung University. ● Vice general manager of Horizon securities underwrite department. ● Administrative senior manager of JIH LIN Technology Co., Ltd.	None	None	None	None	None
Pruchasing Department Senior Manager	R.O.C	Shu-Hua Hsu	Female	2020.01.17	0	0.00%	0	0.00%	0	0.00%	● Bachelor degree in real estate development and management, Kun Shan University. ● Head of purchasing department of JIH YIN Precision Co., Ltd ● Purchasing Manager of JIH LIN Technology Co., Ltd.	None	None	None	None	None
Quality Assurance Department Senior Manager	R.O.C	Yen-Chang Hsu	Male	2023.05.09	0	0.00%	0	0.00%	0	0.00%	● Master degree in Opto-Mechatronics and Materials, WuFeng University. ● QA Manager of JIH LIN Technology Co., Ltd.	None	None	None	None	None

Remark 1 : Shall include General manager,Vice-General manager, Senior manager ,Managers of departments and branches and personnel with equivalent position, both shall be stated no matter what the position he/she is.

Remark 2 : Shall state the position and responsibility before when the experience in which working in auditor accounting firm or affiliated company related to current position.

Remark 3 : Shall state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers) when the Company's Chairperson and General manager or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship.

Remark 4 : It is the shares held by JIH LONG Industry Co., Ltd and Wei Shan investment Co., Ltd.

Remark 5 : It is the shares held by SHOUDA international investment Co., Ltd.

Remark 6 : It is the shares held by MING HUANG investment Co., Ltd.

3. Remuneration Paid to Directors, General Manager and Vice General Manager in the Most Recent Year

(1) Remuneration Paid to Directors and Independent Directors

In Thousands of New Taiwan Dollars

Title	Name	Remuneration to Directors								Total of A, B, C and D as a % of Net Income (Remark 10)		Compensation Earned by Being an Employee of JIH LIN or JIH LIN's Consolidated Entities								Total of A, B, C, D, E, F and G as a % of Net Income (Remark 10)		Compensation from Non-consolidated Affiliates or Parent Company (Remark 11)
		Base Compensation (A) (Remark 2)		Severance Pay and Pensions (B)		Compensation to Directors (C)(Remark 3)		Allowance (D)(Remark 4)				Base Compensation, Bonus and Allowances, etc (E)(Remark 5)		Severance Pay and Pensions (F)		Employee Compensation (G)(Remark 6)						
		From the Company	From All Consolidated Entities (Remark 7)	From the Company	From All Consolidated Entities (Remark 7)	From the Company	From All Consolidated Entities (Remark 7)	From the Company	From All Consolidated Entities (Remark 7)	From the Company	From All Consolidated Entities (Remark 7)	From the Company	From All Consolidated Entities (Remark 7)	From the Company	From All Consolidated Entities (Remark 7)	From the Company		From All Consolidated Entities(Remark 7)		From the company	From All Consolidated Entities (Remark 7)	
Chairperson	Shang-Yuan Tsai	—	—	—	—	480	480	—	—	0.27%	0.27%	2,614	2,614	—	—	224	—	224	—	1.86%	1.86%	None
Director	Shang-Ming Tsai	—	—	—	—	480	480	—	—	0.27%	0.27%	2,614	2,614	108	108	224	—	224	—	1.92%	1.92%	
Director	Meng-Wei Tsai	—	—	—	—	480	480	—	—	0.27%	0.27%	2,584	2,584	108	108	200	—	200	—	1.89%	1.89%	
Director	Cheng-Han Jiang	—	—	—	—	480	480	36	36	0.29%	0.29%	—	—	—	—	—	—	—	—	0.29%	0.29%	
Independent Director	Jhao-Rong Guo	480	480	—	—	—	—	36	36	0.29%	0.29%	—	—	—	—	—	—	—	—	0.29%	0.29%	
Independent Director	En-Cih Jheng	480	480	—	—	—	—	36	36	0.29%	0.29%	—	—	—	—	—	—	—	—	0.29%	0.29%	
Independent Director	Jhe-Hong Wu	480	480	—	—	—	—	36	36	0.29%	0.29%	—	—	—	—	—	—	—	—	0.29%	0.29%	
1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment : The director meeting is authorized to evaluate the involvement of Directors in the business operation of the Company and their contributions to the Company with reference to the remuneration standard of the industry. 2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (e.g., non-employee consulting services to parent company/all companies listed in the financial report/invested companies) in the most recent year: None.																						

Table of remuneration range

Remunerations to Directors in respective brackets along the remuneration scale ranges	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Remark 8)	Consolidated Entities (Remark 9)H	The Company (Remark 8)	Consolidated Entities (Remark 9)I
Under NTD 1,000,000	Shang-Yuan Tsai,Shang-Ming Tsai, Meng-Wei Tsai, Cheng-Han Jiang, Jhao-Rong Guo, Jhe-Hong Wu, En-Cih Jheng	Shang-Yuan Tsai, Shang-Ming Tsai, Meng-Wei Tsai, Cheng-Han Jiang, Jhao-Rong Guo, Jhe-Hong Wu, En-Cih Jheng,	Cheng-Han Jiang, Jhao-Rong Guo, Jhe-Hong Wu, En-Cih Jheng,	Cheng-Han Jiang, Jhao-Rong Guo,, Jhe-Hong Wu, En-Cih Jheng
NTD 1,000,000 (including) ~2,000,000 (excluded)	None	None	None	None
NTD 2,000,000 (including) ~3,500,000 (excluded)	None	None	Shang-Yuan Tsai, Shang-Ming Tsai,, Meng-Wei Tsai,,	Shang-Yuan Tsai, Shang-Ming Tsai,, Meng-Wei Tsai,,
NTD 3,500,000 (including) ~5,000,000 (excluded)	None	None	None	None
NTD 5,000,000 (including) ~10,000,000(excluded)	None	None	None	None
NTD 10,000,000 (including) ~15,000,000(excluded)	None	None	None	None
NTD 15,000,000 (including) ~30,000,000(excluded)	None	None	None	None
NTD 30,000,000 (including) ~50,000,000(excluded)	None	None	None	None
NTD 50,000,000 (including) ~100,000,000(excluded)	None	None	None	None
NTD 100,000,000 and above	None	None	None	None
Total	7	7	7	7

Remark 1 : The names of the directors should be listed separately (corporate shareholders should list the names of legal shareholders and representatives separately), and the general directors and independent directors should be listed separately, and the amounts of various benefits should be disclosed in a summary manner. Should complete this form and the following form (3-1), or the following form (3-2-1) and (3-2-2) if the director is also the general manager or vice general manager.

Remark 2 : This means the remuneration for directors in the recent year (including directors' salaries, job bonuses, pensions, various bonuses, incentives, etc.).

Remark 3 : This is the amount of remuneration for directors approved by the Board of Directors in the recent year.

Remark 4 : This is the costs relevant to the directors in the recent year (including carriage fees, special disbursement, various allowances, dormitories, cars and other provisions, etc.). When providing housing, automobiles and other transportations or exclusive personal expenses, the type and cost of the assets provided, the actual rent or fair market value of rent, fuel and other benefits both of them should be disclosed. If there is a driver, please describe that the company pays the driver but the payment does not included in the remuneration.

Remark 5 : This refers to the salary, position bonus, resignation fee, various bonuses, incentives, carriage fees, special expenses, various allowances, dormitories, cars and other provisions for directors with staff status (including general managers, vice general managers, other managers or employees) in the recent year. When providing housing, automobiles and other transportations or exclusive personal expenses, the type and cost of the assets provided, the actual rent or fair market value of rent, fuel and other benefits both of them should be disclosed. If there is a driver, please describe that the company pays the driver but the payment does not included in the remuneration. Salary expenses recognized under IFRS 2 "Share Basis Payment", including the acquisition of employee warrants, restricted stock for employee and, preemptive right in SEO etc., both shall be included in the remuneration also.

Remark 6 : This means that the director with staff status (including general managers, vice general managers, other managers or employees) who has received employee remuneration (including stocks and cash) in the recent year shall disclose the amount of employee remuneration approved by the board of directors in the latest year, and if it cannot be estimated, a proposed distribution amount for this year shall be calculated and filled in form 1-3 according to the percentage distributed last year.

Remark 7 : The total amount of remuneration for the directors by all companies (including the Company) in the consolidated report shall be disclosed.

Remark 8 : Disclose the names of the directors in the hierarchy table when the Company disclose the total amount of remuneration paid to each director.

Remark 9 : Shall disclose the total amount of remuneration paid to directors by all companies (including the Company) in the consolidated report and describe the names of the directors in the hierarchy table.

Remark 10 : Net income after tax refers to the net profit after tax in the recent year, and in the case of adopting international financial reporting standards (IFRS), Net income after tax refers to the net income after tax in individual financial report of the recent year .

Remark 11 : a. This column should state the amount of remuneration paid to the directors by the re-investment business or parent company other than a subsidiary. (if not, please fill in "None")

b. If a director receives remuneration related to re-investment business or parent company other than a subsidiary, the remuneration paid to directors by re-investment business or parent company shall be merged into column I of the hierarchy table and change the name of the field to "Parent company and all reinvestment business".

c. Remuneration refers to the remuneration and rewarded (including the remuneration to employees, directors and supervisors) and remuneration related to business execution expenses to the directors who be the directors, supervisors or managers of a re-invested business or parent company other than a subsidiary.

* The content of remuneration disclosing in this table is different from the income concept of the Income Tax Law, so the purpose of this table is information disclosing only and not taxation.

(2) Remuneration Paid to General Manager and Vice General Manager

In Thousands of New Taiwan Dollars

Title	Name	Salary (A) (Remark 2)		Severance Pay and Pensions (B)		Bonus and Allowance (C) (Remark 3)		Employee Compensation (D) (Remark 4)				Total of A, B, C and D as a % of Net Income (%) (Remark 8)		Compensation from Non- consolidated Affiliates or Parent Company (Remark 9)
		The Company	Consolidated Entities (Remark 5)	The Company	Consolidated Entities (Remark 5)	The Company	Consolidated Entities (Remark 5)	The Company		Consolidated Entities (Remark 5)		The Company	Consolidate d Entities (Remark 5)	
								Cash	Stock	Cash	Stock			
General Manager	Shang-Ming Tsai	10,561	11,679	529	529	885	1,012	849	—	849	—	7.18%	7.88%	None
Vice General Manager	Meng-Wei Tsai													
Vice General Manager	Ting-Hung Tsai													
Vice General Manager	Chien-Sheng Lee													
Vice General Manager	Chia-Chen Chang													

* Shall include General Manager, Vice-General Manager and personnel with equivalent position (e.g. President, Chief Executive Officer, Director etc.), both shall be stated no matter what the position he/she is.

Table of remuneration range

Remunerations to General Manager and Vice General Manager in respective brackets along the remuneration scale ranges	Name of General Manager/Vice General Manager	
	Total of (A+B+C)	
	The Company (Remark 6)	Consolidated Entities (Remark 7)E
Under NTD 1,000,000	None	None
NTD 1,000,000 (including) ~2,000,000 (excluded)	None	None
NTD 2,000,000 (including) ~3,500,000 (excluded)	Shang-Ming Tsai, Meng-Wei Tsai, Chien-Sheng Lee, Ting-Hung Tsai, Chia-Chen Chang	Shang-Ming Tsai, Meng-Wei Tsai, Chien-Sheng Lee, Ting-Hung Tsai, Chia-Chen Chang
NTD 3,500,000 (including) ~5,000,000 (excluded)	None	None
NTD 5,000,000 (including) ~10,000,000(excluded)	None	None
NTD 10,000,000 (including) ~15,000,000(excluded)	None	None
NTD 15,000,000 (including) ~30,000,000(excluded)	None	None
NTD 30,000,000 (including) ~50,000,000(excluded)	None	None
NTD 50,000,000 (including) ~100,000,000(excluded)	None	None
NTD 100,000,000 and above	None	None
Total	5	5

- Remark 1 : The name of the general manager and vice general manager should be listed separately, and the amounts of various benefits should be disclosed in a summary manner. Should complete this form and the following form (1-1), or the following form (1-2-1) and (1-2-2) if the director is also the general manager or vice general manager.
- Remark 2 : This means salary, job bonuses and severance payments for general manager and vice general manager in the recent year.
- Remark 3 : This is the costs relevant to the general manager and vice general manager in the recent year (including bonus, rewards, carriage fees, special disbursement, various allowances, dormitories, cars and other provisions, etc.). When providing housing, automobiles and other transportations or exclusive personal expenses, the type and cost of the assets provided, the actual rent or fair market value of rent, fuel and other benefits both of them should be disclosed. If there is a driver, please describe that the company pays the driver but the payment does not included in the remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of Employee stock options, new shares with restricted Employee rights and participation in cash capital increase to subscribe for shares, shall also be included in remuneration.
- Remark 4 : This is the amount of compensation (include stock and cash) paid to general manager and vice general manager approved by the Board of Directors for the recent year, and the proposed distribution amount for this year shall be calculated in the proportion of amount allocated last year if it can't be estimated, futuremore, shall complete the following form (1-3). Net income after tax refers to the net income after tax in the recent year, and in the case of adopting international financial reporting standards (IFRS), net income after tax refers to the net income after tax in individual financial report of the recent year.
- Remark 5 : The total amount of remuneration for the general manager and vice general manager by all companies (including the Company) in the consolidated report shall be disclosed.
- Remark 6 : Disclose the names of the general manager and vice general manager in the hierarchy table when the Company disclose the total amount of remuneration paid to each general manager and vice general manager.
- Remark 7 : Shall disclose the total amount of remuneration for each general manager and vice general manager by all companies (including the Company) in the consolidated report and describe the name of the general manager and vice general manager in the hierarchy table.
- Remark 8 : Net income after tax refers to the net income after tax in the recent year, and in the case of adopting international financial reporting standards (IFRS), net income after tax refers to the net income after tax in individual financial report of the recent year.
- Remark 9 : a. This column should state the amount of remuneration paid to the general manager and vice general manager by the re-investment business or parent company other than a subsidiary. (if not, please fill in "None")
- b. If a general manager or vice general manager receives remuneration related to re-investment business or parent company other than a subsidiary, the remuneration paid to general manager or vice general manager by re-investment business or parent company shall be merged into column E of the the hierarchy table and change the name of the field to "Parent company and all reinvestment business".
- c. Remuneration refers to the remuneration and rewarded (including the remuneration to employees, directors and supervisors) and remuneration related to business execution expenses to the general manager or vice general manager who be the directors, supervisors or managers of a re-invested business or parent company other than a subsidiary.
- * The content of remuneration disclosing in this table is different from the income concept of the Income Tax Law, so the purpose of this table is information disclosing only and not taxation.

(3) Employee Compensation to Managers

2023 Year (In Thousands of New Taiwan Dollars)

	Title(Remark 1)	Name (Remark 1)	Stock Amount	Cash Amount	Total	Total as a % of Net Income
Managers	General Manager	Shang-Ming Tsai	—	1,183	1,183	0.66%
	Vice General Manager	Meng-Wei Tsai				
	Vice General Manager	Chien-Sheng Lee				
	Vice General Manager	Ting-Hung Tsai				
	Vice General Manager	Chia-Chen Chang				
	Sales department Senior Manager	Shu-Hui Chen				
	General Manager Office Senior Manager	Nien-Yi Wu				
	Purchasing department Senior Manager	Shu-Hua Hsu				
	QA Department Senior Manager	Yen-Chang Hsu				

Remark 1 : The name and title of individual should be listed separately, and the amounts of compensation distributed could be disclosed in a summary manner.

Remark 2 : This is the amount of bonus (include stock and cash) for managers approved by the Board of Directors in the recent year, and the proposed distribution amount for this year shall be calculated in the proportion of amount allocated last year if it can't be estimated. Net income after tax refers to the net income after tax in the recent year, and in the case of adopting international financial reporting standards (IFRS), net income after tax refers to the net income after tax in individual financial report of the recent year.

Remark 3 : In accordance with the Securities and Future Bureau Article 0920001301 dated March 27, 2003, the scope of manager as below :

- (1) General Manager and personnel with equivalent position.
- (2) Vice General Manager and personnel with equivalent position.
- (3) Senior Manager and personnel with equivalent position.
- (4) Head of finance department.
- (5) Head of accounts department.
- (6) The person who has the right to manage affairs and sign for the company.

(4) Describe the ratio of remuneration for Directors, General Managers and Vice General Managers paid by the Company and all the companies in the consolidated financial statement in the most recent two years to net income after tax of financial statements. And state remuneration policy, standard and combination, remuneration resolution process, the relevance between operation performance and future risks :

- A. Analysis of total remuneration for Directors, General Managers and Vice General Managers paid by the Company in the most recent two years to net income after tax in parent company only financial report.

In Thousands of New Taiwan Dollars

Year Title	2022				2023			
	Total remuneration		Total as a % of Net Income		Total remuneration		Total as a % of Net Income	
	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities
Director	11,436	11,436	2.74%	2.74%	12,180	12,180	6.82%	6.82%
General Manager and Vice General Manager	10,947	12,152	2.63%	2.92%	12,824	14,069	7.18%	7.88%
Net Income after Tax	416,726	416,726	—	—	178,637	178,637	—	—

Remark : Remuneration to Directors includes carriage fees, base compensation and compensation distributed to Directors.

B. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks :

(a) Policy, standard and combination of payment of remuneration :

- ① Remuneration to Directors is determined based on article 19 of the Articles of Incorporation. The Company shall allocate less than 2 % of net income as the remuneration to directors if there is profit gain in the year, and evaluate the reasonable remuneration by evaluating the involvement of directors in the business operation of the Company and their contributions to the Company including financial benchmark such as company profit, and then resolved by the Remuneration Committee and Board of Directors. Independent directors have their fixed monthly remuneration determined by the Board of Directors, and do not participate in the distribution of remuneration when the Company makes profits.
- ② The appointment, dismissal and remuneration of the general manager, vice general manager and assistant managers of the Company shall be decided by the Board of Directors in accordance with the rule of the Articles of Incorporation. Manager's remuneration depends on individual performance and salary standards, mainly refers to the market conditions, academic experience, professional ability and responsibilities and other items. Bonuses are based on individual performance. The evaluation items include financial indicators, such as the Company's profit status, etc., and are paid corresponding to the Company's overall operating contribution. The remuneration system is reviewed at any time depending on the actual operating conditions and relevant laws and regulations.

(b) Procedures for determining remuneration :

- ① The Company applies the evaluation results of the "Performance Management Measures" for managers and employees as the basis and links to the Company's business performance indicators, and submits them to the Board of Directors for approval.
- ② The Company's directors and managers' relevant performance appraisal and remuneration rationality are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors every year. In addition to referring to the individual's performance achievement rate and contribution to the Company, considering the overall operating performance, future risks and development trends of the industry, and reviewing the remuneration system at any time depending on the actual operating conditions and relevant laws and regulations, the current corporate governance trend is also comprehensively considered. After that, reasonable remuneration will be given to achieve a balance between the Company's sustainable operation and risk control. The actual amount of remuneration for directors and managers in 2023 will be decided by the Board of Directors after deliberation by the Remuneration Committee.

(c) Correlation with business performance and future risks:

- ① The Company's remuneration policy related payment standard and system review is based on the Company's overall operating status as the main consideration, and the payment standard is approved based on the performance achievement rate and contribution, so as to improve the overall organizational team effectiveness of the Board of Directors and management department. The Company also refer to the salary standard of the industry to ensure that the salary of the Company's management is competitive in the industry, so as to retain excellent management talents.
- ② The performance goals of the Company's managers are combined with "risk control" to ensure that possible risks within the scope of duties can be managed and prevented, and the results of the evaluation are given according to the actual performance performance, linking all relevant human resources and relevant salary and compensation policies . The important decisions of the Company's management level are made after balancing various risk factors. The performance of relevant decisions is reflected in the Company's profit situation, and the remuneration of the management level is related to the performance of risk control.
- ③ Compensation paid to individuals are carefully assessed by the Company, and reviewed and resolved by the Remuneration Committee and the Board of Directors. Thus, we do not expect any significant risk of uncertainty arising from the compensation policy in the future.

4. Implementation of Corporate Governance

(1) Board of Directors' Meeting Status

Board meeting called 6 times (A) in recent year (2023). The attendance status of the Directors and Supervisors are as follow :

Title	Name (Remark 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate(%) 【B/A】 (Remark 2)	Note
Chairperson	Shang-Yuan Tsai	6	0	100%	Re-elected on July 22, 2021 and win reelection
Director	Shang-Ming Tsai	6	0	100%	Re-elected on July 22, 2021 and win reelection
Director	Meng-Wei Tsai	6	0	100%	Re-elected on July 22, 2021 and win reelection
Director	Cheng-Han Jiang	6	0	100%	Re-elected on July 22, 2021 and win reelection
Independent Director	Jhao-Rong Guo	6	0	100%	Re-elected on July 22, 2021 and win reelection
Independent Director	En-Cih Jheng	6	0	100%	Re-elected on July 22, 2021 and newly appointed
Independent Director	Jhe-Hong Wu	6	0	100%	Re-elected on July 22, 2021 and newly appointed

Remark : For the Board meetings in 2023, the number of attendance available was 42 times and the attendance in person was 42 times. The attendance rate of the Board as a whole is 100%.

Annotations :

- The Board meeting's date, session, and contents of motions, opinions of all independent directors, and actions taken by the Company regarding the opinions shall be specified if one of the following circumstances occurs :
 - The circumstances referred to in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee. Article 14-3 of the Securities and Exchange Act is no longer applicable pursuant to Article 14-5 of the Same Act.
 - In addition to the aforesaid matters, other Board meeting decisions that have been opposed or reserved by independent directors with records or written statements: None.

2. For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, contents of motions, reason for recusal, and participation in voting shall be specified :

Date	Name	Motion	Reason	Participation and voting
1 st meeting of 2023 January 17, 2023	Shang-Yuan Tsai Shang-Ming Tsai Meng-Wei Tsai	Performance bonus to the Company's chairperson and managers.	Being one of the managers in this case.	Except for three directors who avoided voting due to interests, the other four directors who actually attended the case passed without objection.
4 th meeting of 2023 June 19, 2023	Shang-Yuan Tsai Shang-Ming Tsai Meng-Wei Tsai	Remuneration distribution to the Company's managers and employees.	Being one of the managers in this case.	Except for three directors who avoided voting due to interests, the other four directors who actually attended the case passed without objection.

3. Implementation of Board evaluation

Cycle	Period	Scope	Method	Content
Once a year	From January 1, 2023 to December 31, 2023	Board of Directors performance evaluation	1. Internal self-evaluation 2. Member self-evaluation (Result is evaluated by Directors and Independent Directors)	1. Involvement in company operations. 2. The quality of Board decision-making. 3. Board composition and structure. 4. Directors election and advanced studies. 5. Internal control.
		Individual directors performance evaluation		1. Mastery of company goals and tasks. 2. Awareness of directors' responsibilities. 3. Involvement in company operations. 4. Internal relationship management and communication. 5. Directors expertise and advanced studies. 6. Internal control.
		Functional committee performance evaluation (Remuneration Committee, Audit Committee)		1. Involvement in company operations. 2. The quality of functional committee decision-making. 3. Functional committee composition and structure. 4. Functional committees member election and advanced studies. 5. Internal control.

The Company completed the 2023 Board performance evaluation in January 2024 and reported the outcome in the Board meeting on March 8, 2024 for review and improvement. The average scores of self-evaluation on Board performance and individual Board members were above 90 (out of 100), indicating a sound operation of the Board ; the average scores of self-evaluation on Remuneration Committee and Audit Committee and individual functional committee members were above 90 (out of 100), showing the Committees operate smoothly and comply with corporate governance, thereby effectively enhancing the Board functions.

4. Objectives of strengthening the functionality of the Board of Directors (e.g., to establish an Audit Committee, to enhance information transparency, etc.) in the current year and the most recent year and evaluation of the execution thereof :

Strengthening the functional objectives of the Board of Directors	Evaluation of Implementation
1. Continue to improve information transparency	The Company disclose the company information and update the company website information according to laws and regulations.
2. Actively establish communication with stakeholders	1. The Company has spokesperson and deputy spokesperson serving as the communication channel for stakeholders or they can go to the stakeholder section of the Company's website to ask questions and give suggestions online. 2. Every year, the shareholders' meeting accepts shareholder's proposal according to the schedule and shareholders could apply for proposal with the Company during the acceptance period. The Company will convene a Board of Directors meeting to review it according to regulations.
3. Improve the operational efficiency and decision-making ability of the Board of Directors	1. The Board of Directors of the Company has established "Rules and Procedures for Board of Directors Meetings" in accordance with the "Measures for Board Meetings of Public Offering Companies," and the operation of the Board of Directors is handled in accordance with "Rules and Procedures for Board of Directors Meetings." 2. The Corporate Governance Officer has been set up who assist in the operation of the board of directors on on March 24, 2020 in order to implement corporate governance, protect shareholders' rights, and strengthen the functions of the board of directors.
4. Strengthen the supervisory capabilities	The Company has set a "Scope of Powers of Independent Directors" and established a Remuneration Committee and an Audit Committee to strengthen the corporate governance functions of the Board of Directors.
5. Strengthen the professional knowledge	The Company provides the directors with information on training courses periodically and encourages them to participate in the courses in order to meet the requirements of directors' training hours.
6. Purchase liability insurance for directors and managers	The Company has renewed directors and manager liability insurance, and reported to the Board of Directors on May 9, 2023.

(2) Operations of Audit Committee

The summary of tasks completed by and operations of Audit Committee in 2023 are as follows:

A. The Company's Audit Committee is comprised of three Independent Directors and the presentation of the Company financial statements, the appointment (discharge) of accountant, independence assessment and performance assessment of accountant, the effectiveness of internal controls, regulatory compliance, and existing or potential risks control both are under their supervision. Its main responsibilities are listed as follows:

- (a) To formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (b) To assess the effectiveness of the internal control system.
- (c) To formulate or amend procedures for significant financial or business activities pursuant to Article 36-1 of the Securities and Exchange Act; for example, acquisition or disposal of assets, derivatives transactions, lending funds to other parties, and provision of endorsements or guarantees to other parties.
- (d) Matters involving Directors' personal interests.
- (e) Material asset or derivative instrument transactions.
- (f) Material loans to others or provision of endorsement or guarantees.
- (g) Offering, issuance, or private placement of equity-type marketable securities.
- (h) Appointment and discharge of accountant or their compensation.
- (i) Appointment or discharge of a financial, accounting, or internal audit officer.
- (j) The first quarter, second quarter, third quarter financial report and annual financial report signed or sealed by the chairperson, manager and accounting supervisor.
- (k) Other material matters governed by the Company or the competent authorities.

B. Review financial reports

The Board has prepared the Company's 2023 business report, consolidated and parent company only financial statements and earnings distribution proposal. The consolidated and parent company only financial statements were audited by independent auditors of Ernst & Young, Cheng-Chu Chen and Kuo-Sen Hung, with independent auditors' reports issued. The above-mentioned business report, consolidated and parent company only financial statements and earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee.

C. Assess the effectiveness of internal controls

The Audit Committee has assessed the internal control system of the Company as of December 31, 2023 (including its supervision and management over subsidiaries). The assessment covers the effectiveness and efficiency of our operations; the reliability, timeliness and transparency of our financial reporting; and compliance with applicable laws and regulations. The design and execution of internal control systems are found to be effective. Moreover, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any deficiencies identified.

D. Accountants

Audit Committee is responsible for assessing the independence of the Company's accounting firm to ensure the impartiality of financial reports. Except for tax-related services or items with special approval, the accounting firm cannot provide other services to the Company. Services rendered by the accounting firm shall all be approved by the Audit Committee.

To ensure the independence of the accounting firm, Audit Committee formulates independence assessment procedures in accordance with Article 47 of the Certified Public Accountant Act and Bulletin No. 10, "Integrity, Objectivity and Independence", of the Norm of Professional Ethics for Certified Public Accountants. Accountants are assessed for their independence, professionalism and competence, and whether they are related parties to the Company or have business or financial interests in the Company.

In the tenth meeting of the first-term Audit Committee on March 21, 2023 and the second meeting of the Board of Directors on March 21, 2023, the independence of accountant, Cheng-Chu Chen and Kuo-Sen Hung, from Ernst & Young was assessed and approved. As they both met the Company's standards for independence, they were qualified to be the Company's accountant for financial statements and tax compliance audits in 2023.

E. Audit Committee Meeting called 6 times (A) in recent year (2023). The attendance status of the Independent Directors are as follow :

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Remark)	Note
Independent Director (Convener)	Jhao-Rong Guo	6	0	100%	First term of the Audit Committee was established on July 22, 2021.
Independent Director	En-Cih Jheng	6	0	100%	
Independent Director	Jhe-Hong Wu	6	0	100%	

Remark : The actual attendance rate(%)is calculated on the basis of the number of Audit Committee meetings held and the actual number of attendances during the term of office.

Annotations :

- When one of the following situations occurs, the date and session of Audit Committee meeting, contents of motions, objections, reservations of independent directors or major recommendations, resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified :

(1) Matters specified in Article 14-5 of the Securities and Exchange Act

Audit Committee	Proposal content and resolution results	Opinion of independent directors	Resolution of Audit Committee	Company's handling of the decision of Audit Committee
9 th meeting of the 1 st term	1. The Company intends to apply the for the renewal of annual financing quota with various banks.	None	Passed unanimously	N/A

	January 17, 2023	2. The Company intends to apply for the renewal of annual quota of derivative financial products with Taishin Bank.	None	Passed unanimously	N/A
		3. Independence assessment case for certified accountants.	None	Passed unanimously	N/A
		4. Revise some provisions of the Company's " Code of Practice for Corporate Governance ."	None	Passed unanimously	N/A
		5. The Company's endorsement and guarantee for overseas subsidiaries.	None	Passed unanimously	N/A
	10 th meeting of the 1 st term March 21, 2023	1. The Company's 2022 annual business report, individual financial statements and consolidated financial statements.	None	Passed unanimously	N/A
		2. The Company's 2022 Earnings Distribution Proposal.	None	Passed unanimously	N/A
		3. The Company's capital reserve allocation proposal.	None	Passed unanimously	N/A
		4. To pass the " Statement of Internal Control System " of the Company.	None	Passed unanimously	N/A
		5. The Company's accountant has been changed due to internal rotation within the accounting firm.	None	Passed unanimously	N/A
		6. Independence assessment case for certified accountants on 2023	None	Passed unanimously	N/A
		7. The Company intended to obtain pre-approval from the Audit Committee for the accounting firm and its affiliates to provide non-assurance services to the company and its subsidiaries.	None	Passed unanimously	N/A
		8. Revise some provisions of the Company's " Personnel Management Measures ".	None	Passed unanimously	N/A
	11 th meeting of the 1 st term May 9, 2023	1. Consolidated financial statements from January 1, 2023 to March 31, 2023.	None	Passed unanimously	N/A
		2. Revise some provisions of the Company's " Code of Practice for Corporate Governance ".	None	Passed unanimously	N/A
		3. Revise some provisions of the Company's " Procedures for Prevention of Insider Trading ".	None	Passed unanimously	N/A
		4. Add a new regulation " Regulations on Financial Transactions Between Related Parties ".	None	Passed unanimously	N/A
	12 th meeting of the 1 st term June 19, 2023	The company intends to apply for an increase in the loan limit with Taiwan Bank	None	Passed unanimously	N/A
	13 th meeting of the 1 st term August 7, 2023	1. Consolidated financial statements from January 1, 2023 to June 30, 2023.	None	Passed unanimously	N/A
		2. The Company set up the Information Security Officer	None	Passed unanimously	N/A
	14 th meeting of the 1 st term November 9, 2023	1. Consolidated financial statements from January 1, 2023 to September 30, 2023.	None	Passed unanimously	N/A
		2. The Cpmpany's 2024 internal audit plan	None	Passed unanimously	N/A

(2) Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all Directors in 2023 : None.

2. For situations where Independent Directors recuse themselves from any motion due to conflict of interest, the Independent Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified : None.

3. Communications between the independent directors, the internal audit supervisor, and accountants (include the major events, methods and results of communication on the company's financial and business conditions, etc.).

(1) The independent directors of the Company regularly (at least five times a year) communicate with the internal audit supervisor at the Audit Committee meeting, and the interaction is in good condition. The internal audit supervisor regularly reports the implementation and improvement of the audit plan during the meeting, and communicates and exchanges opinions on the effectiveness of the Company's internal control implementation.

(2) The independent directors of the Company communicated regularly (at least four times a year) with the accountants at the Audit Committee meetings, and the interaction is in good condition. During the meeting, the accountants fully discussed with the independent directors on the review of the Company's financial reports, or issues related to finance, taxation and internal control.

(3) Communications between Independent Directors and internal auditors are summarized as follows:

Date	Details	Recommendations of Independent Directors
January 17, 2023	Internal audit items from October to December 2022.	None
March 21, 2023	1. Internal audit items from January to February 2023 2. Approved the internal control statement.	None
May 9, 2023	Internal audit items of March 2023.	None
August 7, 2023	Internal audit items from April to June 2023.	None
November 9, 2023	1. Internal audit items from July to September 2023 2. 2024 audit plan.	None

(4) Communications between Independent Directors and CPAs are summarized as follows:

Date	Details	Recommendations of Independent Directors
March 21, 2023	1. Audit details of 2022 consolidated financial statements and individual financial statements. 2. Updates on the latest securities and tax laws and regulations.	None
May 9, 2023	Audit details of consolidated financial statements for the first quarter of 2023.	None
August 7, 2023	Audit details of consolidated financial statements for the second quarter of 2023.	None
November 9, 2023	Audit details of consolidated financial statements for the third quarter of 2023.	None

(3) Implementation of Corporate Governance Practices and Non-compliance with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company follow “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	✓		The Company has established “Code of Practice for Corporate Governance” and disclosed it on the Company website and MOPS in order to enhance its performance in corporate governance, secure shareholders’ rights, improve the functionality of the Board, respect stakeholder’s right and enhance information transparency.	None
2. Ownership structure and shareholders’ rights (1) Does the Company have internal operation procedures to handle shareholders’ suggestions, concerns, disputes and litigations? If yes, has these procedures been implemented accordingly?	✓		(1) The Company has spokesperson, deputy spokesperson and related departments such as investor relation, shareholder service to handle shareholders’ suggestions or complaints.	(1) None.
(2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders?	✓		(2) In accordance with Article 25 of the Securities and Exchange Act, the Company has entrusted a professional stock agency to be responsible for the changes in shareholdings of internal parties, including directors, managers and shareholders with more than 10% shareholdings, and a person in charge will be responsible for handling related matters. The	(2) None.

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
(3) Does the Company build and execute risk management and firewall mechanism between itself and affiliates?	✓		changes in the shares held by the main shareholders that actually control the Company and the list of the ultimate controllers of the main shareholders can be grasped, and monthly updated the changes at MOPS website designated by Securities and Futures Bureau. (3) In addition to various risk management mechanisms already in place, the Company has established "Transaction Procedures for Group Enterprises, Specific Companies and Related Corporations", "Regulations on Financial Transactions Between Related Parties", and "Control Procedures for Supervision of Subsidiaries" for transactions between the Company and related companies in order to enforce risk management mechanism on subsidiaries.	(3) None.
(4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?	✓		(4) The Company has established “Code of Practice for Corporate Governance”, “Procedures for Handling Material Inside Information” and “Procedures for Prevention of Insider Trading,” prohibiting insiders from using undisclosed information to trade securities. The Company also disseminate the procedures periodically with all relevant personnel to avoid any violations, and disclosed it on the Company website.	(4) None.

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
3. Composition and responsibility of the Board of Directors				
(1) Has the Board established a diversification policy and specific management goals and have them been implemented accordingly?	✓		(1) The Company announces the effective Code of Practice for Corporate Governance. It has been stated that the composition of the Board of Directors should consider diversity and strive to implement the diversity policy. Please refer to pages 18 to 19 of this annual report for the Company's diversification policy, specific management objectives and implementation.	(1) None.
(2) Other than Compensation and Audit Committees which are required by laws, does the Company plan to set up other functional Committees?	✓		(2) In addition to the Remuneration Committee, the Audit Committee and the Mergers and Acquisitions Committee, the Company will set up various other functional committees in the future based on actual operational needs to assist the Board in managing the Company.	(2) None.

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
(3) Has the Company formulated rules and methods for the performance assessment of the Board of Directors and evaluate the Board performance every year? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?	✓		(3) The Company has formulated the "Methods for Evaluating Board of Directors' Performance", and conducts the performance evaluation of the Board of Directors after the end of each year. Please refer to page 37 of this annual report for relevant evaluation information. The 2023 evaluation results have been reported to the Board of Directors on March 8, 2024. All are in line with the spirit of corporate governance, and serve as a reference for individual directors' remuneration and nomination for renewal.	(3) None.
(4) Has the Company periodically evaluated the independence of its CPAs?	✓		(4) The Company annually evaluates the independence of CPAs and obtains the Declaration of Independence. The Company evaluates the independence and suitability of CPAs based on the five aspects of the audit quality index (AQI), which are professionalism, quality control, independence, supervision and innovation capabilities, and reports to the Board of Directors.	(4) None

Assessment Item	Status (Remark)			Non-compliance and Reasons									
	Yes	No	Description										
			When discussing the independence and appointment of CPAs, the Board of Directors of the Company shall provide the accountant's personal resume, each accountant's independence statement and audit quality index (AQI) information level for the Board of Directors to evaluate their independence for discussion. In the past year, the company's evaluation results have been discussed and approved by the Audit Committee on January 25, 2024, and reported to the Board of Directors for approval on the same day. The evaluation was conducted to assess the independence and suitability of the CPA. The company plan to appointing "Ernst & Young" as our company's auditor, with accountants Cheng-Chu Chen and Kuo-Sen Hung serving as the auditors for the company’s financial statements. Standards for CPA independence evaluation : <table><tr><th>Evaluation Item</th><th>Evaluation Result</th><th>Independence Status</th></tr><tr><td>1. Whether the CPAs served for the Company for over seven years?</td><td>N</td><td>Y</td></tr><tr><td>2. Whether the CPAs have significant financial interest or relationship with the Company?</td><td>N</td><td>Y</td></tr></table>	Evaluation Item	Evaluation Result	Independence Status	1. Whether the CPAs served for the Company for over seven years?	N	Y	2. Whether the CPAs have significant financial interest or relationship with the Company?	N	Y	
Evaluation Item	Evaluation Result	Independence Status											
1. Whether the CPAs served for the Company for over seven years?	N	Y											
2. Whether the CPAs have significant financial interest or relationship with the Company?	N	Y											

Assessment Item	Status (Remark)					Non-compliance and Reasons
	Yes	No	Description			
			Evaluation Item	Evaluation Result	Independence Status	
			3. Whether the CPAs have improper relationships with the Company?	N	Y	
			4. Whether the CPAs have served as directors, supervisors, managers of the Company, or in the position that has a significant influence on the audit case in the past two years?	N	Y	
			5. Whether the CPAs themselves, their spouses, dependent relatives, or close relatives within the fourth degree of relatives have served as directors, supervisors, managers of the Company, or in the position that has a significant impact on the audit case during the audit period?	N	Y	
			6. Whether the CPAs allow others to use their credentials?	N	Y	
			7. Whether the CPAs own shares of the Company?	N	Y	
			8. Whether there is any financing between the CPAs and the Company?	N	Y	
			9. Whether the CPAs have joint investments or profit-sharing agreements with the	N	Y	

Assessment Item	Status (Remark)					Non-compliance and Reasons
	Yes	No	Description			
			Company?			
			Evaluation Item	Evaluation Result	Independence Status	
			10. Whether the CPAs do regular works for the Company and receive fixed salaries?	N	Y	
			11. Whether the CPAs are involved with decision-making management functions of the Company?	N	Y	
			12. Whether the CPAs received any commissions in association with their businesses?	N	Y	
			13. Whether the CPAs engages in businesses which may deprive them of audit independence?	N	Y	
			14. Whether the CPAs ensure the honesty, impartiality and independence of their assistants?	Y	Y	
4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance	✓		In order to implement corporate governance, urge the Board of Directors to play the functions and safeguard investors' rights and interests, the Board of Directors has resolved in the meeting on March 24, 2020 to appoint Chia-Chen Chang, vice general manager of the financial department, as Corporate			None

Assessment Item	Status (Remark)			Non-compliance and Reasons												
	Yes	No	Description													
(including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders’ meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?			Governance Officer in charge of corporate governance related affairs, and the staff who is in charge of finance and stock affairs are also the one to be responsible for corporate governance related affairs. The main duties of a Corporate Governance Officer are to handle matters relating to Board meetings and Shareholders’ Meetings according to laws and regulations, prepare minutes of Board meetings and Shareholders’ Meetings, assist Directors with onboarding and continuing education, provide information required for business execution of Directors, and assist Directors with regulatory compliances. Continuing education for corporate governance supervisor : <table><tr><th>Date</th><th>Host</th><th>Class</th><th>Duration</th></tr><tr><td>May 22, 2023</td><td>TWSE,TPEX</td><td>Seminar on Promoting Sustainable Development Action Plans for Listed Companies</td><td>3</td></tr><tr><td>June 19, 2023</td><td>Taiwan Corporate Governance Association</td><td>Trends and Challenges in Information Security Governance</td><td>3</td></tr></table>	Date	Host	Class	Duration	May 22, 2023	TWSE,TPEX	Seminar on Promoting Sustainable Development Action Plans for Listed Companies	3	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	
Date	Host	Class	Duration													
May 22, 2023	TWSE,TPEX	Seminar on Promoting Sustainable Development Action Plans for Listed Companies	3													
June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3													

Assessment Item	Status (Remark)						Non-compliance and Reasons										
	Yes	No	Description														
			<table><tr><th>Date</th><th>Host</th><th>Class</th><th>Duration</th></tr><tr><td>June 26, 2023</td><td>Taiwan Corporate Governance Association</td><td>"How are board meetings conducted? " Common shortcomings in the operation of board meetings in listed companies</td><td>3</td></tr><tr><td>June 26, 2023</td><td>Taiwan Corporate Governance Association</td><td>The risks and opportunities of climate change trends for business operations.</td><td>3</td></tr></table>	Date	Host	Class	Duration	June 26, 2023	Taiwan Corporate Governance Association	"How are board meetings conducted? " Common shortcomings in the operation of board meetings in listed companies	3	June 26, 2023	Taiwan Corporate Governance Association	The risks and opportunities of climate change trends for business operations.	3		
Date	Host	Class	Duration														
June 26, 2023	Taiwan Corporate Governance Association	"How are board meetings conducted? " Common shortcomings in the operation of board meetings in listed companies	3														
June 26, 2023	Taiwan Corporate Governance Association	The risks and opportunities of climate change trends for business operations.	3														
5. Has the Company established a communication channel for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company’s website to address their concerns on major corporate social responsibility issues?	✓		The Company has spokesperson and deputy spokesperson, depending on the situation, who are responsible for communicating with various units including investor relations, shareholder services, legal affairs, and stakeholders (including but not limited to shareholders, employees, customers, and suppliers). And the Company has set up a stakeholder section on the Company's website as a communication channel for shareholders, employees, customers and suppliers. In addition, there is also the "Procedure of Illegal and Immoral or Dishonest Behavior Reporting" as the basis for the operation and handling procedures when the			None											

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
			internal or external persons make report. Relevant department within the Company can also act as channel for communication with stakeholders on its duty.	
6. Has the Company appointed a professional registrar to organize the Shareholders' Meetings?	✓		To serve our shareholders, the Company has appointed the stock management service department of Hongyuan securities to manage issues related to shareholders and organize the Shareholders' Meeting.	None
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding the Company's financials, business and corporate governance status?	✓		(1) The Company discloses financial and business information through the corporate website www.jihlin.com.tw, which is maintained by designated persons. Information is available in Chinese, English and Japanese. Material information, financial status, organization and operation of internal audit, significant laws and regulations, corporate governance information and attendance of previous Board of Directors are disclosed on the Company's official website for foreign and domestic investors to access, and the financial and business information shall be announced and declared at the MOPS in accordance with the regulations of the competent authority.	(1) None.

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, webcasting investor conference on the corporate website)?	✓		(2) The Company would hold investor conferences when deemed necessary. The video recording link and presentation file of such event would be available in the investors section on the website. Relevant information would be filed on the MOPS website. The Company has appointed dedicated personnel to collect relevant data and disclose material information. The spokesperson or deputy spokesperson is responsible for communications with external parties.	(2) None.
(3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?	✓		(3) The Company has announced and filed the annual financial report within 75 days after the end of the financial year which is earlier than the deadline in accordance with the date stipulated in the "Business Matters for the Issuers of Listed Securities ", and the first, second and third quarter's financial reports and operating conditions of each month are announced as well before the specified deadline. Information is available on the company website and MOPS website.	(3) None.

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
8. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and liability insurance for directors and supervisors provided by the Company) ?	✓		(1) Employees' rights ① Education and training plans are prepared by the HR department to provide employees with adequate education and training. ② Employees can report their opinions on personal rights, benefits, management and working environment to the Company at any time, through their supervisors and administration departments. ③ The Company has set up an Employee Welfare Committee, which hosts various welfare projects such as domestic tourism or international tourism, maternity allowances, birthday voucher, and annual dinner etc. The Company also give employee dividends, performance bonuses and year-end bonuses. (2) Employees' welfare The Company has established the Employee Welfare Committee to plan and handle employee travel activities, associations, dinners and other subsidies, and encourage employee to participate in healthy leisure activities for relaxation of employees' body and mind in order to enhance their solidarity with the Company. (3) Investor relations ① The Company publishes financial and operational information on the MOPS to ensure the basic rights and interests of investors in accordance with relevant laws and regulations.	None

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
			②In order to enhance the company system, we actively strengthen the functions of directors to raise the transparency in company operations and safeguard the rights and interests of shareholders. ③The Company has set up the website and the spokesperson and deputy spokesperson to provide investors with financial and business information with higher transparency. (4) Supplier relations ①Review the product cost structure and the achievement of gross profit margins regularly and ensure the reasonableness of the purchase price. ②Maintain smooth communication channels with suppliers, and safeguard the due rights and interests of both parties on the basis of mutual trust and mutual benefit.	

Assessment Item	Status (Remark)			Non-compliance and Reasons
	Yes	No	Description	
			(5) Stakeholder' rights ①The Company respects intellectual property rights, and there is no infringement. ②The Company pays great attention to the reports of relevant laws and regulations in the media, so as to ensure that the latest laws and regulations are immediately available. ③The Company discloses the implementation of social responsibility in the annual report of the shareholders' meeting. ④The Company's official website has set up a stakeholder section, which serve as a communication channel to protect the legal rights of both parties. (6) Advanced studies of Directors : All directors of the Company participate in the training in accordance with the regulations of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. (Please refer to page 56-57 of this annual report) (7) The implementation of risk management policies and risk evaluation standards : The Company has established the internal control system, audit system and self-assessment procedures, and the control function is sound.	

		(8) The implementation of customer policies : ①The Company follows ethical guidelines and maintains good relationship with customers. Quality policies include continuous improvement, quick responses, customer satisfaction, protecting the earth, eco-friendliness, ensuring timely delivery, and providing continuous communication with technical personnel for post-sale service. ②In addition, the Company has established the customer complaint operation procedure. In response to customer complaints, it will properly identify the problem and the responsibility to take prompt and effective countermeasures, and propose preventive and improve action to prevent similar incidents from happening again. (9) Liability insurance for Directors and Supervisors : In order to reduce risks and disperse the risk of heavy losses to the Company and shareholders caused by the mistakes or negligence of directors and managers, the Company has stipulated in Article 13 of the The Articles of Incorporation that the Company purchase liability insurance for directors' compensation liability within the scope of business execution according to the law. The Company has reported the director's liability insurance to the Board of Directors. The insurance conditions are as follows :	

Assessment Item	Status (Remark)			Non-compliance and Reasons								
	Yes	No	Description									
			<table><tr><th>Object</th><th>Company</th><th>Amount</th><th>Duration</th></tr><tr><td>All Directors and Managers</td><td>Tokyo marine insurance Co., Ltd.</td><td>USD 3 Million (Approx. NTD 91,350 thousand)</td><td>2023.04.01 ~ 2024.04.01</td></tr></table> (10) The Company has adopted electronic voting in Shareholders' Meetings since 2017, ahead of the schedule announced by Financial Supervisory Commission.	Object	Company	Amount	Duration	All Directors and Managers	Tokyo marine insurance Co., Ltd.	USD 3 Million (Approx. NTD 91,350 thousand)	2023.04.01 ~ 2024.04.01	
Object	Company	Amount	Duration									
All Directors and Managers	Tokyo marine insurance Co., Ltd.	USD 3 Million (Approx. NTD 91,350 thousand)	2023.04.01 ~ 2024.04.01									
9. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center and the priority of pending issues : (1)Enhanced or improved : A. Annually disclose the implementation status and evaluation results of the internal performance evaluation of the functional committee on the company website and annual report. B. The functional committee in Audit Committee has been established. With the professional division of labor and independent and detached position, it assists the Board of Directors in decision-making and enhance corporate governance performance. C. In order to enhance information transparency, the annual financial report and sustainability report disclosed in Chinese and English will be uploaded to the MOPS and the Company's website. (2)Prioritize improvements or enhancements : A.To fulfill corporate social responsibility, achieve net-zero emissions, and deepen the culture of sustainable governance, enhancing the sustainable competitiveness of the enterprise, and improving corporate governance and social responsibility, the Company adheres to GRI and SASB guidelines to disclose relevant ESG information in our sustainability report. In the future, we plan to disclose relevant information in accordance with International Financial Reporting Standard (IFRS) S1. B. To enhance information transparency, the company plan to hold or participate in at least two institutional investors 'conferences. C. To Promote Sustainable Development: The Company plans to obtain third-party verification for its sustainability report.												

10. The directors of the Company have participated in the relevant training courses of various professional institutions in due course. The status of the directors' training of the Company in 2023 is as follows:

Title	Name	Date	Host	Class	Duration
Chairperson	Shang-Yuan Tsai	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3
Director	Shang -Ming Tsai	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3
Director	Meng-Wei Tsai	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3
Director	Cheng-Han Jiang	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3
Independent Director	Jhao-Rong Guo	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3

Title	Name	Date	Host	Class	Duration
Independent Director	En-Cih Jheng	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3
Independent Director	Jhe-Hong Wu	May 22, 2023	TWEX, TPEx	Seminar on Promoting Sustainable Development Action Plans for Listed Companies	3
		June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3

(4) The composition, duties and operations of the Remuneration Committee in the Company :

A. Members of Remuneration Committee

As of April 30, 2024

Title	Name	Condition	Professional Qualifications and Independence Status	Number of Other Public Companies in which the individual is concurrently serving in the Remuneration Committee
Independent Director	Jhao-Rong Guo	Refer to pages 15 to 17 for information disclosure on directors' professional qualifications and independence of independent directors.		0
Independent Director	En-Cih Jheng			0
Independent Director	Jhe-Hong Wu			0

B. The main responsibility of the Remuneration Committee

- To review the article of Remuneration Committee regularly and propose recommendations for amendments.
- To review the annual and long-term performance goals and policies, systems, standards and structures for remuneration of the Company's directors and managers regularly.
- To evaluate the achievement of the performance goals of the directors and managers of the Company regularly, and determine the content and amount of their remuneration.

C. Information on operation of the Remuneration Committee

- The Company's Remuneration Committee is comprised of three members.
- Term of current Committee members: July 22, 2021 to July 21, 2024. The Remuneration Committee meeting called 4 (A) times in 2023. The attendance status is as follows :

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Remark)	Remark
Convener	Jhao-Rong Guo	4	0	100.00%	Re-elected on July 22, 2021 and win reelection.
Member	En-Cih Jheng	4	0	100.00%	Re-elected on July 22, 2021 and newly appointed.
Member	Jhe-Hong Wu	4	0	100.00%	Re-elected on July 22, 2021 and newly appointed
Remark : The actual attendance rate(%)is calculated on the basis of the number of Remuneration Committee meetings held and the actual number of attendances during the term of office.					

Annotation :

1. If the Board of Directors declined to adopt or modify a recommendation of the Remuneration Committee, the date and session of the Board meeting, contents of motions, resolution and actions taken by the Company regarding the Committee's opinions shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the Committee, please specify the discrepancy and its reason) : None.
2. As to the resolutions of the Remuneration Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date and session of the committee meeting, contents of motions, all members' opinions and actions taken regarding the opinions shall be specified : None.
3. The meeting date, period, proposal content and resolution results of the Company's Remuneration Committee in the past year, and the Company's handling of members' opinions are as follows:

Date of Remuneration Committee Meeting	Contents of Motions and follow-up processing	Resolutions	Actions Taken to the objection or reservation
1 st meeting in 2023 January 17, 2023	The performance bonus to the Company's chairperson and managers.	Approved by all of the members.	Proposed to the Board and approved by all of Directors present.
2 nd meeting in 2023 March 21, 2023	The distribution of the Company's 2022 compensation to employees and remuneration to Directors.	Approved by all of the members.	Proposed to the Board and approved by all of Directors present.
3 rd meeting in 2023 May 9, 2023	1. The Company's new manager and monthly salary payment 2. The Company pay for the remuneration to Directors for 2022	Approved by all of the members.	Proposed to the Board and approved by all of Directors present.
4 th meeting in 2023 June 19, 2023	The distribution of the compensation to managers and employees	Approved by all of the members.	Proposed to the Board and approved by all of Directors present.

(5) Implementation of Sustainable Developments and Non-compliance with “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons :

A. Implementation of Sustainable Developments and Non-compliance with “Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons :

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company establish a governance structure for promoting sustainable developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management being authorized by the Board to handle relevant issues under the supervision of the Board?	✓		In order to enhance the management of sustainable development responsibilities, the general manager's office is responsible for promoting sustainable development currently, and has established a ESG sustainable development implementation team which is responsible for the promotion plan of sustainable development policies, systems or related management guidelines, and then summarize the implementation result in writing and report to the management. Furthermore, according to Article 8, Paragraph 1, Subparagraph 9 of the " Regulations Governing Establishment of Internal Control Systems by Public Companies," publicly issued companies are required to establish internal control systems for the management of financial and non-financial information. Since sustainability reports fall under non-financial information, they still need to be managed in accordance with the internal control	None

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons						
	Yes	No	Description							
			system. Therefore, starting from 2024, ESG reports must be discussed and approved by the board of directors. This indicates that the management of the company fulfills its duty of care to ensure the quality of the sustainability report.							
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Remark 2)	✓		In oder to fulfill our commitment to stakeholders and respect and safeguard their interests, the ESG team and representatives from internal departments of our company jointly convened a meeting to identify and consider the scope and boundaries. The Company integrated the issues of concern raised through regular communication channels and assessed their impact on the company's operations. Subsequently, we prioritized and categorized them into significant consideration areas based on their high level of concern and impact, making them the substantive issues for primary communication. Based on the assessed risks, the Company formulates relevant risk management policies or strategies as follows: <table><tr><th>Major issues</th><th>Risk Assessment Project</th><th>Risk management policy or strategy</th></tr><tr><td>Environment</td><td>Environmental Protection</td><td>1. The Company formulates the basic concept of environmental protection, publicly announces it internally and externally, makes full use of resources to continuously</td></tr></table>	Major issues	Risk Assessment Project	Risk management policy or strategy	Environment	Environmental Protection	1. The Company formulates the basic concept of environmental protection, publicly announces it internally and externally, makes full use of resources to continuously	None
Major issues	Risk Assessment Project	Risk management policy or strategy								
Environment	Environmental Protection	1. The Company formulates the basic concept of environmental protection, publicly announces it internally and externally, makes full use of resources to continuously								

Promotion Items	Implementation Status (Remark 1)					Non-compliance and Reasons
	Yes	No	Description			
					improve and prevent pollution as the main environmental policy, and had obtained ISO14001 EMS certification. Through the implementation of effective management strategies on the raw material, production process and service aspects of the product, the environmental hazards and impacts that may be caused by each stage of the product life cycle are reduced to pursue sustainable management. 2. The company strives to fulfill its social responsibilities and promote sustainable development. We adhere to the latest version of the ISO 14001 environmental management system: Plan, Do, Check, Act, to achieve continuous improvement. We also consider the lifecycle of materials, including their use, production, distribution, and disposal,	

Promotion Items	Implementation Status (Remark 1)					Non-compliance and Reasons
	Yes	No	Description			
					and explore both internal and external issues. We uphold our company's environmental health and safety policy, which includes compliance with laws and regulations, waste reduction and recycling, full participation by all employees, workplace safety, risk control, energy conservation, carbon reduction, and continuous improvement to reduce the risk of occupational hazards and minimize our environmental impact.	
			Society	Employee’s Care	1. The Company has obtained ISO 14001 EMS certification and ISO 45001 Occupational health and safety management systems certification, complies with environmental protection and safety and health-related laws and other requirements, and regularly conducts employee health checks and occupational safety	

Promotion Items	Implementation Status (Remark 1)					Non-compliance and Reasons
	Yes	No	Description			
					and health training to provide a healthy and safe working environment. 2. The Company has also implemented the RBA (Responsible Business Alliance) to uphold human rights policies. Currently, the company has established the "JIH LIN Technology Co., Ltd. Responsible Business Alliance (RBA) Code of Conduct Management Manual," which outlines the requirements and expectations for internal operations and suppliers regarding the prohibition of child labor, labor management, basic human rights, and the elimination of all forms of forced labor. In addition to compliance with laws and regulations, the company also ensures the protection of labor rights, health and safety, ethics, and integrity.	

Promotion Items	Implementation Status (Remark 1)				Non-compliance and Reasons
	Yes	No	Description		
				Customer Privacy	The Company strictly abides by the confidentiality of business secrets, and shall not inquire or collect non-job-related business secrets, trademarks, patents, works and other intellectual property of suppliers and customers, and shall not disclose them to others to protect business secrets.
				Product and service labeling	The Company continues to promote corporate social responsibility plans, and at the same time guides suppliers to participate in and follow them, so as to promote suppliers to meet delivery requirements, improve quality, and increase competitive advantages. It also guides business partners to invest in improving and strengthening their management operations on employee care, environmental protection, public safety and environmental sanitation : the Company declares that it does

Promotion Items	Implementation Status (Remark 1)					Non-compliance and Reasons
	Yes	No	Description			
					not accept metals from conflict areas, and at the same time requires suppliers to abide by the conflict mineral procurement policy.	
			Corporate Governance	Socioeconomic and Legal Compliance	The Company establish a corporate governance structure, comply with securities laws, and diligently disclose information in accordance with relevant regulations to enhance the transparency of our operational outcomes. This ensures that shareholders have the right to fully understand, participate in, and make decisions regarding significant matters of the company. We implement corporate governance principles and systems to safeguard shareholder rights and ensure fair treatment of all shareholder requests.	
					Strengthen the functions of directors	

Promotion Items	Implementation Status (Remark 1)					Non-compliance and Reasons
	Yes	No	Description			
					2.Insure directors' liability insurance to protect them from lawsuits or claims.	
				Stakeholder Communication	Establish various communication channels, communicate actively, and reduce confrontation and misunderstanding. Set up an investor mailbox, which will be handled and responded by the spokesperson.	
3. Environmental issues						
(1) Does the Company establish environmental management system designed to fit industry characteristics?	✓		(1) Based on the ISO14001 environmental management system, the Company has established an environmental management standard to implement various environmental management requirements. In 2023, the Company passed the ISO 14001 environmental management system verification and obtained the certificate. The validity period is from December 20, 2022 to December 19, 2024.			(1) None
(2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact?	✓		(2) The Company promotes various energy saving measures, and selects the equipment designed for high energy efficiency and energy saving. Setting environmental management objectives and countermeasures in order to reduce the usage of energy and water, and the energy			(2) None

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
(3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and takes measures to respond to climate-related issues?	✓		consumption of enterprises and products, and takes appropriate procedures and measures to prevent or mitigate possible impacts on the environment. (3) With countries worldwide strengthening their carbon reduction targets and policies, aiming for net zero emissions by 2050, there is increased pressure on business operations and customer demands for sustainable supply chains. In response to the global trend towards low-carbon transformation amid climate change, the Company has been planning investments to reduce carbon emissions, aiming to mitigate the risks of future carbon taxes and rising energy costs. When facing the impact of climate change, the Company's energy and environmental protection costs are gradually increasing. The Company internally responds to environmental impacts through the implementation of various projects. For issues related to climate change, the evaluation and implementation methods are as follows:	(3) None

Promotion Items	Implementation Status (Remark 1)				Non-compliance and Reasons		
	Yes	No	Description				
			Risk	Result		Financial Impact	Countermeasures
			Physical risk	As a result of climate change, the severity of floods, droughts, various natural disasters and the disaster areas increase.		Reduced production capacity, rising materials, extreme rainfall and drought caused production interruptions. Extreme rainfall caused production line interruptions, and drought caused water shortages and water restrictions in water-scarce areas, resulting in shutdowns.	Emergency generator power supply, emergency water purchase, implementation of personnel emergency procedures, solving short-term supply of water resources and energy emergency and other issues.

Promotion Items	Implementation Status (Remark 1)						Non-compliance and Reasons
	Yes	No	Description				
			Regulation Risk	Total cap, air pollution, stricter emission standards.	Improve the efficiency of equipment control and increase operating costs.	Invest in high-efficiency control equipment to reduce pollution and operating costs, and avoid exceeding emission standards.	
			Policy Risk	The impacts of insufficient demand for carbon emissions and cap controls.	Carbon emissions are regulated in a total amount, and the incremental part must purchase carbon rights through the carbon trading market, which will increase operating costs.	Improve the equipments and reduced energy use to lower carbon emissions.	
			Energy Chance	Energy saving and carbon reduction.	Energy cost reduction.	1.Turn off the lights and close the door. 2.The lighting fixtures in the factory area are replaced by LED energy-saving lamps. 3.Through the adjustment of the temperature of the ice water	

Promotion Items	Implementation Status (Remark 1)						Non-compliance and Reasons
	Yes	No	Description				
						outlet and timely parallel operation to increase the temperature of the indoor cooling room and other operation management. 4.The supply of air compressors is oversupplied, and the pressure of loading and unloading of air compressors should be adjusted appropriately to make the pressure reach the balance between supply and demand.	
			Green Energy Chance	Water conservation and improvement.	Energy cost reduction.	1.Recycling and reusing recycled water reduces the use of tap water and promotes the recycling of water resources 2.Set up a special project to improve the water consumption of equipment, and install flow	

Promotion Items	Implementation Status (Remark 1)					Non-compliance and Reasons
	Yes	No	Description			
						meters and water meters for individual production lines. Comprehensively monitor the water consumption of the production line on a daily basis, so as to find opportunities to reduce water consumption.
			Resource Chance	Recycling of waste.	Assess the resource utilization of waste, while achieving the purpose of reducing environmental impact and increasing operating profit.	1.Process waste Reduce. 2.Recycle.
			For detailed information, please refer to the ESG report prepared by the Company.			

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons																					
	Yes	No	Description																						
(4) Does the Company calculate its GHG emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	✓		(4) 1. The carbon emissions in the past two years are as follows :<table><tr><th>Year</th><th>Scope 1 (tons CO2e)</th><th>Scope 2 (tons CO2e)</th><th>Factory</th></tr><tr><td>2022</td><td>42.5375</td><td>6,064.1344</td><td>JLT Nanzih Factory</td></tr><tr><td>2023</td><td>234.1922</td><td>5,589.8453</td><td>JLT Nanzih Factory</td></tr></table> Remark: In the first quarter of 2024, the company commission an external firm to conduct a carbon inventory project. Emissions sources defined such as refrigerants, acetylene, rust preventive, gas, and methane were included in Scope 1. Therefore, the data in 2023 was higher compared to the previous two years. 2. The water consumption for water resource management in the past two years are as follows :<table><tr><th>Year</th><th>Water consumption (tons)</th><th>Factory</th></tr><tr><td>2022</td><td>147,685</td><td>JLT Nanzih Factory</td></tr><tr><td>2023</td><td>135,583</td><td>JLT Nanzih Factory</td></tr></table> 3. The waste management data in the past two years are as follows :	Year	Scope 1 (tons CO2e)	Scope 2 (tons CO2e)	Factory	2022	42.5375	6,064.1344	JLT Nanzih Factory	2023	234.1922	5,589.8453	JLT Nanzih Factory	Year	Water consumption (tons)	Factory	2022	147,685	JLT Nanzih Factory	2023	135,583	JLT Nanzih Factory	(4) None
Year	Scope 1 (tons CO2e)	Scope 2 (tons CO2e)	Factory																						
2022	42.5375	6,064.1344	JLT Nanzih Factory																						
2023	234.1922	5,589.8453	JLT Nanzih Factory																						
Year	Water consumption (tons)	Factory																							
2022	147,685	JLT Nanzih Factory																							
2023	135,583	JLT Nanzih Factory																							

Promotion Items	Implementation Status (Remark 1)						Non-compliance and Reasons
	Yes	No	Description				
			Year	General industrial waste (tons)	Hazardous industrial waste (tons)	Factory	
			2022	14.51	144.64	JLT Nanzih Factory	
			2023	10.41	120.71	JLT Nanzih Factory	
			4. The Company's policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management are as follows : (1) Energy consumption and reduction of greenhouse gas emissions : The Company analyzes the electricity purchased from outside, which is the main source of greenhouse gas emissions in its operations. Because of production reduction, the carbon emissions decreased by 283 tons in 2023 compared to 2022. With the expansion of production capacity and equipment, carbon emissions increased relatively. In terms of power consumption reduction, it focuses on larger power consumption equipment, such as air-conditioning equipment. Through the adjustment of the temperature of the ice water outlet and timely parallel operation to increase the temperature of the indoor cooling room and other operations and				

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
			management, the power consumption of the air conditioner is reduced to reduce greenhouse gas emissions, and the pressure of loading and unloading of the air compressor is adjusted to reduce power consumption. (2) Water resource management : The Company's water usage reduction measures: The Third Factory continues to utilize water recycling equipment for recycling process wastewater. Additionally, it effectively reduces water consumption and wastewater discharge by increasing the water recycling rate. In 2023, water consumption decreased by approximately 12,102 metric tons compared to 2022. (3) Waste Management : The Company's waste is cleared and disposed of by qualified institutions recognized by government agencies, and the flow of waste in the factory is strictly managed. The total amount of waste in 2023 was 131.12 tons, which showed a decreasing trend compared with 2022. The main reason is that the third factory implemented a sludge reduction project in March 2023, while other factories continued to maintain previous waste reduction measures. The Company will continue to evaluate and the feasibility of waste reuse or waste reduction as well, and plan it.	

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?	✓		(1) The Company recognizes and follows internationally recognized human rights standards such as “Universal Declaration of Human Rights”, “The United Nations Global Compact”, “United Nations Guiding Principles on Business and Human Rights”, “International Labor Organization.” Each year, the Company regularly reviews its own operations, value chain, new business activities (such as mergers and acquisitions, joint ventures) and other related activities by paying attention to major social issues, data monitoring, and questionnaires in order to identify and evaluate the groups at risk and potential human rights risks, formulates a control plan for human rights issues based on potential risks, and continuously monitors and improves the implementation results of the plan. In order to protect the employees’ right, the Company firmly believes that every employee should be treated fairly. Sexual harassment prevention measures, complaints and punishments are stipulated in Chapter 11 of the Personnel Management Measures to protect the rights and interests of employees. The human rights protection education and	(1) None.

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons								
	Yes	No	Description									
			publicity will be given to the new employees by the HR department in the pre-employment training every year. In 2023, a total of 336 hours of education and publicity is conducted for total 42 new employees. The course content includes anti-discrimination, anti-discipline, forced labor, freedom of association, and explanation of religious beliefs. The Company's human rights management policies and specific plans are summarized as follows : <table><tr><th>Human Rights Management Policy</th><th>Specific plan</th></tr><tr><td>Provide a safe and healthy working environment.</td><td>Please refer to page 145 of this annual report.</td></tr><tr><td>Prohibit forced labor and abide by local government labor laws.</td><td>Implement the leave system and encourage colleagues to focus on work-life balance.</td></tr><tr><td>Human rights clauses in contracts with suppliers and carry out on-site audits.</td><td>Each supplier is invited to fill out the Supplier Social Responsibility Evaluation Form.</td></tr></table> We will continue to pay attention to human rights protection issues and promote relevant education and training in the future to raise awareness of human rights protection and reduce the possibility of related risks.	Human Rights Management Policy	Specific plan	Provide a safe and healthy working environment.	Please refer to page 145 of this annual report.	Prohibit forced labor and abide by local government labor laws.	Implement the leave system and encourage colleagues to focus on work-life balance.	Human rights clauses in contracts with suppliers and carry out on-site audits.	Each supplier is invited to fill out the Supplier Social Responsibility Evaluation Form.	
Human Rights Management Policy	Specific plan											
Provide a safe and healthy working environment.	Please refer to page 145 of this annual report.											
Prohibit forced labor and abide by local government labor laws.	Implement the leave system and encourage colleagues to focus on work-life balance.											
Human rights clauses in contracts with suppliers and carry out on-site audits.	Each supplier is invited to fill out the Supplier Social Responsibility Evaluation Form.											

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
(2) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	✓		(2) <u>Employees' compensation</u> The Company's year-end bonus system is to distribute the Company's after-tax operating benefits to all employees after considering their seniority and annual performance appraisal, so as to motivate all employees to work together for the Company's goals. Employees' compensation is calculated according to the regulations of the Company's articles, and it shall not be less than 2% of the Company's profit for the year. <u>Employees' welfare</u> The Company has established Employee Welfare Committee and provides employees with welfare funds, and plans and provides various high-quality benefits for employees, e.g. employee travel allowances, birthday voucher, marriage allowances, maternity allowances, funeral condolences, hospitalization condolences etc. In addition, a free health check-up plan for employees is provided. In terms of the leave system, on the basis of a fixed two-day week off, if an employ has to take a longer leave due to the situation of baby care, serious injury or major accident, etc, he or she can also apply unpaid leave, so	(2) None

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
			as to take into account personal and family care needs. <u>Workplace Diversity and Equality</u> Equal remuneration for work and equal opportunities for promotion for men and women are implemented, and more than 32% of senior positions are retained for female employee to facilitate sustainable and inclusive economic growth. In 2023, female employees accounted for 43.41% of the entire workforce while 32.65% of the supervisory positions were held by female employees. The Company attaches great importance to the rights and welfare of employees, and shares profit with employees, and strives to maintain a sound working environment including all-round body and mind care and friendly workplace of female empowerment for different gender of employee to work with peace of mind. <u>Business performance is reflected on employee compensation</u> Article 19 of The Articles of Incorporation : The Company should allocate 2% to 10% of profit as employee compensation and no more than 2% of profit as directors compensation if it has a profit in the year. However, the Company should reserve the amount to be compensated in advance if there is accumulated losses. Employee compensation is paid to the Group employees	

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
(3) Does the Company provide a safe and healthy work environment and provide safety and health training regularly?	✓		who meet certain conditions. The Company participates in market salary surveys every year and makes adjustment according to the salary levels in market, economic trends and personal performance to maintain overall salary competitiveness. (3) Warning signs about safety precaution are posted in the Company's working place for workplace safety and health, and the education and training for employees are implemented periodically. In order to provide a safe working environment, the Company actively implements environmental 5S activities in the workplace to maintain cleanliness of the workplace and equipment safety protection measures. We also continue to provide relevant care measures and management for the health and safety of employees, and conduct regular employee health checks every year. The Company continues to operate the ISO 45001 Occupational Health and Safety Management System. The Company passed the third-year verification of the ISO 45001 Occupational Health and Safety Management System and obtained the certificate in December 2022. The certificate is valid from February 21, 2023 to February 20, 2027. This year, the amount of occupational accidents among employees of the Company	(3) None

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
			was 3. The types of occupational accidents include 2 cases of "cutting hurt and abrasions" and 1 case of " fall over". The ratio of other occupational accidents is 0.96%, and occupational safety training were done for occupational accident departments. The company regularly conducts hazard identification and risk assessment for safety, health, and hygiene working conditions. For items with higher risk levels, control measures or emergency response measures are proposed. For hazardous operations such as the operation of stamping machine, safety operation procedures have been established, and departments have implemented relevant education and training on operation procedures and hazard prevention. Regarding the measures for personal safety and environmental protection in the employees' workplace area, the company's factory premises are equipped with emergency stop buttons and basic safety protections for all hazardous equipment. Lockout-tagout measures are implemented effectively, and high-voltage electrical boxes are securely locked. Hazardous equipment is equipped with complete reminders for wearing protective gear (e.g., signage at the entrance of noise operation areas). Protective gear such as protective clothing, goggles, earplugs, earmuffs, and gloves are provided	

Promotion Items	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
			on-site, and colleagues are supervised to ensure their proper use. To effectively prevent fire disasters, each factory area of the company implements fire protection measures in accordance with the Fire Services Act (such as fire protection plans, fire self-defense teams, various inspection checklists, etc.). Adequate fire safety equipment or devices, such as fire extinguishers, fire hydrants, and emergency lighting, are installed. Fire safety equipment inspections and declarations are completed by the end of November each year, and annual fire safety inspections of the factory area are conducted in coordination with the fire brigade. Regular maintenance is carried out to ensure the effectiveness of various fire safety equipment. To implement personnel response and evacuation in the event of a disaster, emergency accident handling and response procedures have been established in each factory area. Additionally, fire drills and emergency response education and training are conducted twice a year.	

Promotion Item	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
(4) Has the Company established effective career development training programs for employees?	✓		(4) The Company makes a plan of comprehensive training for managers and employees, including new employee orientation, general education, advanced training, supervisor training, etc., to help employees in continual learning and growth through multiple learning methods. There are 2,775 people who completed the career training in 2023 with a total training hours of 5,281 hours.	(4) None
(5) Has the Company complied with related regulations and international standards for issues of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer or customer protection policies and complaint procedures?	✓		(5) The Company sets up a standard screening process for raw material suppliers who have to sign quality agreement, and continues to track the update of SDS, RoHS and EMRT. All of them must meet relevant requirements and specifications for the commitment to product safety. The trust of customers has always been one of the Company's core values. Therefore, the Company has established a system and policy about customer data secrecy management, and sets up a customer data secrecy team to manage and protect the privacy of customer-related confidential information. The Company insists on giving the highest level of protection and protects the confidential information of	(5) None

Promotion Item	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, OSH, or labor rights, and the implementation results?	✓		customers through the internal audit on personal information, external verification, crisis prevention and training. The Company always adheres to the cooperating with customers in ISO, IATF and RBA auditing, and can also deal with customer complaints within the deadline to protect customers' rights and interests. (6) The Company adheres to the “Guidelines for Supplier Management” and sets out selection criteria of environmental protection, human rights protection, safety, health and sustainable development for suppliers as well as requirements and expectations in aspects of environment, safety and health risks, ban on child labor, labor management, zero breaches on the fundamental rights of workers, ethical standards and business ethics. The Company has set up the supplier counselling project. Through supplier selection, audit, counselling, performance evaluation, training and supplier forum, our sustainability requirements are carried out in the daily management of supply chain on the basis of cooperation. The Company stipulates that suppliers must	(6) None

Promotion Item	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
			fully comply with the following requirements:	
			Supplier Assessment	
			All suppliers must be legally incorporated companies and fully comply with the Supplier Code of Conduct.	
			Suppliers of raw materials used during our manufacturing process shall have their production factories passed the criteria under ISO 9001 Quality Management System.	
			Contractors of facilities and relevant operations shall complete the "Contractor's Construction Safety and Hygiene Education and Training Course" and submit a "Contractor's Work Safety Commitment" before construction.	
			By business types, suppliers shall obtain valid factory registration certificates issued by the government.	
			Supplier Audit	
			The Company monitors suppliers' progresses in improving their deficiencies, jointly enhance product quality and production technology and improve ESH performance.	

Promotion Item	Implementation Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description	
			Supplier Training The Company effectively improves ESH performance and complies with international standards through different forms of guiding and communication. The courses include workplace health and safety, maintenance of fire safety equipment, changes in the international situation, regulatory risk and business ethics.	
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability report or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?	✓		The Company compiles the Annual Corporate Sustainability Report in accordance with the GRI guidelines issued by the Global Reporting Initiative (GRI), and referring to SASB standards for disclosing relevant indicators and ESG information. The Company compiles the 2022 Annual Corporate Sustainability Report in 2023 and published it on the MOPS and the Company's website. The Company will consider obtaining the assurance or assured opinion of the third-party verification body for the previous disclosure report in the future.	None
6. If the Company has established its sustainable principles according to “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please specify any discrepancy between the policies and their implementation : The Company has established “Code of Practice for Corporate Social Responsibility” and implemented corporate social responsibility, and shall take notice of the rights and interests of interested parties. The Company attaches focus on environmental, social and corporate governance factors and incorporates them into the Company's management policies and operational activities while pursuing sustainable development and profitability. Please refer to (5) Implementation of Sustainable Developments and Non-compliance under III. Corporate Governance (page 60 to 88) of this Annual Report or Annual Corporate Sustainability Report.				

7. Other important information to facilitate better understanding of the Company's sustainable practices :

1. Environmental protection :

- (1) The Company has earned the ISO14001 international certification, and has a perfect operation process for industrial environmental impact assessment, business waste classification, management and reuse.
- (2) The residual scraps (iron filings) produced during the Company's parts processing are handed over to the manufacturer for resource recovery in which the revenue is increased, at the same time, we actively implement the recycling of recycled paper and promote the activities of turning off the unused light, etc.
- (3) The Company supports the promotion of local economic growth, as far as possible to give priority to local suppliers, which can reduce the cost of both parties and fully achieve the result of energy conservation and carbon reduction.
- (4) The Company has earned ISO14001 environmental certification to integrate system specifications into factory operations, and effectively reduced carbon emissions per unit of product through the management system.

2. Community participation, contribution to society, service to society, social and public interests :

- (1) The Company responds to the charitable activities from time to time and actively participates in related activities such as neighbourly activity. The social activities in 2023 are described as follows:

- ① Sponsorship of the New Classical Chamber Orchestra performance: Co-organizing the "25th Anniversary Commemoration of Qijin White Rose," aiming to transform a historical event into a celebration of human life and dignity through musical performances. The company sponsors a total of NTD 100,000 in this event, aiming to enhance local appreciation for the arts and culture.
- ② Organizing an employee blood donation drive: Win a certificate of appreciation from the Kaohsiung Blood Donation Center for enthusiastic participation in blood donation efforts to save lives.

- (2) The implementation effectiveness of public welfare activities is listed as follows:

Item		Result
Blood Donation Event	Number of participants	About 90 people
	Number of beneficiaries	70 people
Art and Cultural Events	Sponsorship	NTD 100 thousand

3. Consumer rights and interests :

The Company puts emphasis on product quality, safety, innovation and customer complaints handling immediately, and provides customers with complete product information to protect the rights and interests of customers.

4. Human rights :

- (1) The relevant personnel regulations of the Company are in accordance with the provisions of the Labor Standards Act, and the relevant matters are handled by appointed personnel in order to protect the basic rights and interests of employees.
- (2) The Company shall not discriminate against the job seekers or employees in recruitment, screening, promotion, performance appraisal because of his/her gender.
- (3) In order to maintain gender equality in work and provide a safe environment in which employees and customers are free from sexual harassment, the measures of workplace sexual harassment prevention, complaints and disciplining are formulated to safeguard the rights and privacy of the parties.

5. Safety and Health :

- (1) The Company implements 5S activities in the workplace to maintain the cleanliness of the workplace and equipment safety protection measures, and provides necessary training about safety and health and disaster prevention according to the work of employees to ensure the safety of the working environment.
- (2) The Company has certified by ISO45001 occupational safety and health management system, and implemented internal and external audits to ensure that the system is functioning well.

6. Supplier :

The EICC notes that some of the metal minerals have become a major source of revenue for armed rebel groups in the Democratic Republic of the Congo, Africa. Those metal are used to exchange arms and perpetuate their bloody conflicts with policies, and ravage local civilians, thus causing international controversy. As a global citizen, we declare that we do not accept the metals from conflict mining areas, and also requires the Group's suppliers to comply with the followings :

- (1) To cultivate the sustainable competitiveness of enterprises and improve corporate governance and social responsibility in order to implement ESG actions and management.
- (2) To ensure that "conflict minerals" from Congo and its neighboring countries and regions are not used in their product.
- (3) To trace those materials from problematic designated minerals including gold (Au), tantalum (Ta), tin (Sn) and tungsten (W) contained in the product. All suppliers should complete the questionnaire and conduct the investigation in accordance with OECD guidelines to avoid direct or indirect funding of armed conflict groups.
- (4) To communicate this requirement to its upstream suppliers and construct a highly transparent supply chain.

7. Labor :

Based on the social responsibility of protecting the physical and mental development of children, the Company clearly prohibits the employment of child labor in the employment policy.

8. Other : None

Remark : The principle of materiality refers to issues related to environment, society and corporate governance that have a significant impact on company investors and other stakeholders.

B. Climate-related information:

Item	Implementation Status
1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.	1. According to the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, we assess climate-related risks and opportunities, anticipate factors that may affect the company in advance, and refer to research reports from international organizations. By integrating energy-saving, carbon reduction, water conservation, and other sustainable operating strategies into the company's business planning based on a climate risk and opportunity matrix, this measure helps address the challenges posed by climate change and promotes the company's transition towards more sustainable development. 2. With the increasing impact of climate change on business operations, the composition of our board of directors considers the importance of expertise in sustainable business. Therefore, in the nomination of independent directors, we not only consider professional capabilities in financial institution management, financial management, accounting, law, corporate governance, etc., but also strengthen practical experience and knowledge skills in climate change-related issues. 3. Faced with the impacts of climate change, energy and environmental protection costs are gradually increasing. Internally, the Company is responding to environmental impacts through various project executions and has established a Greenhouse Gas Inventory Committee to develop the "Emission Inventory and Verification Estimation Schedule." 4. The Board of Directors plays a supervisory and guiding role in Environmental, Social, and Governance (ESG) management strategies. The General Manager's Office regularly presents relevant information to the Board of Directors during board meetings.

Item	Implementation Status				
2.Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short term, medium term and long term).	The significant short, medium, and long-term climate risks and opportunities for our company in 2023 are as follows:				
	Term	Risk	Threat	opportunity	Strategy
	Short term	Extreme Rainfall and Drought 、 Rising Raw Material Costs 、 Government Carbon and Energy Taxes	The interruption of production capacity and the increase in operating costs can have an impact on revenue.	Enhancing disaster prevention equipment, using low-carbon power, adopting more efficient production and transportation methods.	Establishing a disaster prevention system and emergency response measures.
	Medium term	Imposition of carbon tax abroad, and disruption of domestic and international supply chains due to extreme weather	Operation costs increasing affect revenue	Implementing energy-saving projects to reduce carbon emissions and strengthening various disaster prevention equipment.	Internal management meetings to oversee the company's carbon neutrality goals
	Long term	Changes in customer behavior	Business interruption	Expanding into new business areas and increasing company revenue	Developing more low-carbon products and devising climate adaptation strategies to mitigate climate risks.

Item	Implementation Status
3. Describe the financial impact of extreme climate events and transformational actions.	1. Extreme Weather Events: Analyzing the potential impacts of a 4-degree temperature increasing scenario, the company is projected to be less affected by future droughts, floods, rising average temperatures and sea level based on each factory's location. However, the probability of severe typhoons causing property damage is assessed to be moderate to low, although the financial impact remains low. 2. Transition Actions: Initiatives such as replacing energy-intensive equipment and switching to low-pollution transportation may initially increase company costs. However, considering the potential savings from future carbon taxes or foreign carbon fees, along with actively developing low-carbon products, these actions are expected to reduce operating costs in the long term, enhance reputation, image, and increase overall revenue. The overall impact on financial risk is assessed to be low. 3. Properly managing extreme weather events and the transition to a low-carbon economy involves integrating climate change risks into operational decision-making, identifying and managing risks, and addressing the crises of global warming and resource depletion. We are committed to responding to the trends of energy conservation and carbon reduction, undertaking mitigation and adaptation efforts accordingly.
4. Describe how the identification, assessment and management of climate risks are integrated into the overall risk management system.	The Company conducts greenhouse gas inventories to quantify and manage overall emissions, identifying significant climate-related risks and opportunities. Each responsible department is tasked with controlling and managing these risks, disclosing proposed response strategies, and regularly reviewing and reporting to the Board of Directors.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be explained.	1. The Company has not yet adopted scenario analysis for climate change. 2. In the future, when conducting assessments of climate-related risks and opportunities in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, we will use climate scenario analysis.

Item	Implementation Status
6.If there is a transition plan for climate-related risks management, the content of the plan, the indicators and goals used to identify and manage physical risks and transition risks should be explained.	The Company has three major strategic plans to manage various physical risks and transition risks: "Regulatory Compliance," "Hardware Equipment Update," and "Emission Inventory." Firstly, we regularly update climate-related regulations and strictly comply with their requirements. Secondly, we replace hardware equipment with eco-labels. Thirdly, we gradually complete the emission inventory and plan reduction policies. Additionally, we develop low-carbon products and continuously establish a second supplier list in the supply chain to reduce the probability of operational interruptions caused by climate change. Furthermore, through periodic advocacy, we strengthen the implementation of eco-friendly measures to jointly reduce the occurrence probability of extreme weather events.
7.If internal carbon pricing is used as a planning tool, the basis of pricing should be stated.	Internal carbon pricing isn't used as a planning tool in 2023
8.If there are climate-related goals, the activities, the scope of greenhouse gas emissions, the planning period, and the progress achieved each year should be explained ; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits or the number of renewable energy certificates (RECs) to be offset should be stated.	The Company plans to complete the ISO 14064 greenhouse gas inventory and assurance for JIH LIN TECHNOLOGY CO., LTD (JLT) in 2024, for the JLT Group's greenhouse gas inventory in 2027 and for the JLT Group's greenhouse gas verification or assurance in 2029.

Item	Implementation Status				
9.Inventory and verification of greenhouse gas emission, reduction targets, strategies, and specific action plans. (1) The company's inventory and verification of greenhouse gas emissions over the past two years.	The Company’s basic information □Companies with a capital of over 10 billion, steel industry, cement industry □Companies with a capital of over 5 billion but under 10 billion. ☒ Companies with a capital under 5 billion.			According to the regulations of the sustainability development roadmap for listed companies,the following disclosures should be made at least: □Individual inventory of the parent company □Subsidiary’s inventory result disclosed in consolidated financial report □Individual verification of the parent company □Subsidiary’s verification result disclosed in consolidated financial report	
	Scope 1 (Remark 1)	Emission (MT CO2e)	Intensity (MT CO2e/Million dollar)(Remark 2)	Agency	Explanation of the verification situation
	Parent company	234.1922	0.1107	—	—
	Subsidiary	—	—		
	Total	234.1922	0.1107		
	Scope 2	Emission (MT CO2e)	Intensity (MT CO2e/ Million dollar)(Remark 2)	Agency	Explanation of the verification situation
	Parent company	5,589.8453	2.6430	—	—
	Subsidiary	—	—		
	Total	5,589.8453	2.6430		
	Scope 3				
	Remark 1 : Direct emissions (Scope 1, emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, emissions from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, emissions from activities of the company, not from energy sources, but from sources owned or controlled by other companies)."				
	Remark 2 : The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue. The individual revenue of our company in the year 2023 was NTD2,115 Million.				
	Remark 3 : Parent company finished greenhouse gas emission inventory for Scope 1 and Scope 2 part in 2023.				
	Remark 4 : The baseline is 2023, with an annual emissions equivalent of 5,824.0375 MT of CO2e per year.				

Item	Implementation Status
(2) Greenhouse gas reduction targets, strategies, and specific action plans.	In the year 2024, the Company plan to assess our emissions after completing the greenhouse gas inventory project. We will analyze emissions by source and develop reduction targets and action plans based on our operational objectives and equipment efficiency. JLT continues to focus on the development of new energy vehicles and applications related to renewable energy in response to the development of green energy technology. We are developing power busbars that meet efficiency requirements. In the future, we will evaluate efforts towards the goal Science-Based Targets (SBTi) 1.5°C.

(6) Performance in Ethical Management and Non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” and Reasons :

Assessment Item	Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description (Remark 2)	
1. Establishment of ethical management policies and schemes (1) Does the Company formulate ethical management policies approved by the Board of Directors and clearly express ethical management policies and actions as well as the Board and senior management’s commitment to implement those policies in the Company’s internal rules and external documents?	✓		(1) The Board of Directors of the Company has stipulated and publicly announced the “Ethical Corporate Management Best Practice Principles” to all personnel of the Company, which has been disclosed on the MOPS, and both the Board of Directors and managers implement the ethical management policy. Unless otherwise stipulated in laws and regulations, the Board meetings shall be conducted in accordance with the Company’s “Rules of Procedure for the Board of Directors’ Meetings.” The designated division responsible for the Board meetings shall have relevant information ready for directors to study at all times and notify relevant departments’ managers who aren’t serving as directors to attend the Board meetings depending on the subject matters of the agenda. The CPAs or other professionals may also be invited to present at the meeting if necessary.	(1) None

Assessment Item	Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description (Remark 2)	
(2) Does the Company establish assessment mechanism for risk arising from unethical conducts, regularly analyze and assess operating activities with higher risk of unethical conduct within its business, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		(2) The Board of Directors of the Company has formulated “Ethical Corporate Management Best Practice Principles” and will regularly analyze and evaluate business activities within the scope of business that have a high risk of dishonest conduct in order to establish preventive measures and regularly review their adequacy and effectiveness, as well as strengthen relevant preventive measures, the following scope of preventive measures is considered: 1. Bribery and corruption. 2. Provision of illegal political contributions. 3. Improper charitable donations or sponsorships. 4. Providing or accepting unreasonable gifts, hospitality, or other undue advantages. 5. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competition practices. 7. Directly or indirectly harming the rights, health, and safety of consumers or other stakeholders during the research and development, procurement, manufacturing, provision, or sale of products and services.	(2) None

Assessment Item	Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description (Remark 2)	
(3) Does the Company have clear statements regarding relevant procedures, conduct guidelines, disciplinary measures and compliant system in the schemes to prevent unethical conduct, and does the Company implement them accordingly and regularly review those schemes?	✓		(3) In order to prevent dishonest behavior, the Company has established a whistleblower system that defined in “the Measures for handling cases of illegal and immoral or dishonest conduct,” reducing the risk of various types of dishonest behavior through internal control, routine audit, etc.	(3) None
2. Fulfill operations integrity policy				
(1) Does the Company review the counterparty’s history of ethical conduct and include the compliance of business ethics as a clause in the contract?	✓		(1) Personnel of the Company shall avoid engaging in business with unethical agents, suppliers, customers or other business counterparties. Once we are aware of the counterparty’s misconduct, we will terminate all business dealings and blacklist the counterparty for future dealings to meet our requirement for business ethics.	(1) None
(2) Has the Company established a dedicated department under the Board to promote ethical conducts and report regularly (at least once every year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?	✓		(2) In order to improve the management of integrity operation, the corporate governance supervisor is responsible for the formulation and supervision of the implementation of integrity management policies and prevention plans. There have been no significant instances of unethical behavior this fiscal year.	(2) None

Assessment Item	Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description (Remark 2)	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels and thoroughly implement the policies?	✓		(3) The Company has formulated relevant measures for all employees to follow up and has provided appropriate channels for statements in order to prevent conflicts of interest.	(3) None
(4) Has the Company established effective accounting and internal control systems for the implementation of ethics policies and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?	✓		(4) The Company has established an effective accounting system and internal control system. The internal auditors will also evaluate the high-risk operations as an annual audit plan, and make audit results into reports and submit them to the Audit Committee for review, as well as report to the Board of Directors; in addition, each department is required to self-evaluate the internal control system item on an annual basis to ensure the effectiveness of its design and implementation.	(4) None

Assessment Item	Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description (Remark 2)	
(5) Has the Company regularly held internal and external training sessions on operational integrity?	✓		(5) The Company will arrange for internal and external training courses about operational integrity to teach the importance of integrity management from time to time and list it as one of the performance appraisal indicators.	(5) None
3. Implementation of whistleblowing system (1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received?	✓		(1) A whistle-blowing system was defined in Article 23 of the Company's "Ethical Corporate Management Best Practice Principles." There are multiple whistle-blowing channels that are available such as entity opinion boxes and e-mail mailboxes, and when the the informing is accepted, the relevant personnel of the general manager's office will be responsible for case review, filing and follow-up investigation procedures.	(1) None

Assessment Item	Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description (Remark 2)	
(2) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality?	✓		(2) A whistle-blowing system was defined in Article 23 of the Company's "Ethical Corporate Management Best Practice Principles," in which the acceptance of informing , the investigation process and the results are recorded and kept, and the identification of whistle-blowers and case information should be treated as confidential. Upon investigation, if major violations or major damages are found, a report shall be made immediately and informed to independent directors in writing.	(2) None
(3) Has the Company established measures to protect whistleblowers from retaliation?	✓		(3) The Company is responsible for the confidentiality of the whistleblower, the person responsible is strictly prohibited from revealing the case to unrelated persons during or after the investigation. All supervisors also maintain confidentiality, and the relevant information must be handled and filed as confidential documents, so as to protect the whistleblower from trouble or retaliation.	(3) None

Assessment Item	Status (Remark 1)			Non-compliance and Reasons
	Yes	No	Description (Remark 2)	
4. Enhancement on Information disclosure Does the Company disclose its principles of business ethics and information about implementation of such guidelines on its website and MOPS?	✓		The Company has disclosed the compliance of “Ethical Corporate Management Best Practice Principles” on the corporate website http://www.jihlin.com.tw and MOPS. Relevant information can also be found in this annual report.	None
5. If the Company has established ethical conduct policies based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please specify any discrepancy between the policies and their implementation : The Company upholds the principles of fairness, honesty, trustworthiness and transparency in all business transactions. Principles of Business Ethics are established in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” for all employees to follow. There is no significant difference between practice and principle.				
6. Other important information to facilitate better understanding of the Company’s ethical conduct practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.) : The Company has established the " Code of Practice for Corporate Governance " and "Proceduresfor the Prevention of Insider Trading", which clearly stipulate the following norms: 1. Directors, managers and employees are not allowed to divulge the material inside information they know to others. 2. It is not allowed to inquire or collect undisclosed important internal information of the Company that is not related to personal duties from those who know the important internal information of the Company, and it is not allowed to disclose the important unpublished internal information of the Company that is not obtained through business execution as well. 3. It is forbidden for company insiders to use unpublished information in the market to buy and sell securities. 4. Company insiders including (but not limited to) directors are not allowed to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.				

(7) Access to the guidelines and regulations on corporate governance :

A. The corporate governance guidelines and related regulations :

The company has established regulations as "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Internal Control System", "Procedure for Acquisition or Disposal of Assets", "Operating Procedures for Endorsement and Guarantee", "Operating Procedures for Lending Funds to Others", "Rules and Procedures for Board of Directors Meetings", "Methods for Evaluating Board of Directors' Performance", "Regulations for the Compensation Committee", "Regulations for the Audit Committee", "Code of Practice for Corporate Governance", etc.

B. For the regulations formulated by the Company, please refer to the Company's website <http://www.jihlin.com.tw> or go to the MOPS for inquiries.

(8) Other important information to facilitate better understanding of the Company's corporate governance :

A. Internal Handling Procedures for Material Information: The company has established " Procedures for Handling Material Inside Information " and " Procedures for Prevention of Insider Trading " as guidelines for directors, managers, and employees of the company to follow. It specifies that directors, managers, and employees of the company must comply with laws, regulations, and orders, including those related to insider trading. For more information, please refer to the company's website at : <http://www.jihlin.com.tw>.

B. Other information such as the nomination and selection process for independent directors, nomination procedures, candidate information (qualification criteria compliance), and selection results can be found on the company's website and the MOPS website. The website are as follows: <http://www.jihlin.com.tw> and <http://mops.twse.com.tw>.

C. The corporate governance training courses that the Company's managers, chief corporate governance officer and accounting supervisors participate in are as follows :

Title	Name	Training Date	Organizer	Course	Hour
Chief Corporate Governance Officer	Chia-Chen Chang	May 22, 2023	TWSE, TPEx	Seminar on Promoting Sustainable Development Action Plans for Listed Companies	3
		June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		June 26, 2023		"How are board meetings conducted? " Common shortcomings in the operation of board meetings in listed companies	3

Title	Name	Training Date	Organizer	Course	Hour
				The risks and opportunities of climate change trends for business operations.	3
Accounting Supervisor	Chia-Chen Chang	July 20, 2023 ~ July 21, 2023	National Cheng Kung University	Accounting Supervisor advanced studies Course	12
Vice General Manager	Ting-Hung Tsai	June 19, 2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3
		August 7, 2023		How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3
Senior Manager	Nien-Yi Wu	August 7, 2023	Taiwan Corporate Governance Association	How the corporation implement energy conservation and carbon reduction measure and enhance company profitability	3

(9) Statement of Internal Control System : Please refer page 172 to 173.

(10) The Company and its internal personnel are punished in accordance with the law, or the punishment for the Company employee who violates the provisions of the internal control system may have a significant impact on the shareholders' rights and interests or securities price in the most recent year and as of the date of publication of the annual report : None.

(11) For the most recent year and as of the date of publication of the annual report, the important resolutions of the Shareholders' Meeting and the Board of Directors are as follows :

A. Important resolutions of the shareholders' meeting and implementation in 2023 and as of the publication date of the annual report

Date	Important Resolutions
June 19, 2023 (General Shareholders Meeting)	1. Acknowledge the Company's 2022 annual business report and financial statement. 2. Acknowledge the Proposal for Distribution of 2022 earnings. Implementation status: The distribution date is July 10, 2023, and the payment date is July 28, 2023. (Earnings per share distributed cash dividend of NTD1.5, capital reserve distributed cash dividend of NTD2.0)

B. Important resolutions of the Board of Directors in 2023 and as of the publication date of the annual report

Date	Important Resolutions
January 17, 2023	1. Approved the proposal for bonus to the Company's chairperson and managers. 2. Approved the proposal for certified accountants independence assessment. 3. Approved the Proposal for endorsement and guarantee for overseas subsidiaries. 4. Approved the proposal for some revisions to provision of the Company's " Code of Practice for Corporate Governance ."
March 21, 2023	1. Approved the 2022 annual business report, individual financial statements and consolidated financial statements. 2. The distribution of the Company's 2022 compensation to employees and remuneration to Directors. 3. Approved the proposal for distribution of 2022 earnings. 4. Approved the proposal for cash distribution from capital surplus. 5. Approved matters about 2023 shareholders meeting be convening. 6. Approved the Company's statement of internal control system 7. Approved the replacement of the Company's accountant due to internal rotation within the accounting firm. 8. Approved the proposal for certified accountants independence assessment for 2023. 9. Approved the greenhouse gas information survey and verification estimated schedule of the "Sustainable Development Roadmap of Listed Companies" of the Group (including each subsidiaries). 10. Approved the proposal for some revisions to provision of the Company's " Personnel Management Measures ."
May 9, 2023	1. Approved the Consolidated financial statements for the period from January 1 to March 31, 2023. 2. Approved the proposal for the Company's new manager. 3. Approved the proposal for the Company paying for the remuneration to Directors for 2022. 4. Approved matters about 2023 shareholders meeting be convening. 5. To revise some provisions of the Company's " Code of Practice for Corporate Governance. " 6. To revise some provisions of the Company's " Procedures for Prevention of Insider Trading. 7. To add new company regulation " Regulations on Financial Transactions Between Related Parties. "
June 19, 2023	1. The distribution of the compensation to managers and employees 2. To release of the Company's managers from non-compete restrictions.

Date	Important Resolutions
August 7, 2023	1. Approved the Consolidated financial statements for the period from January 1 to June 30, 2023. 2. Approved the Company setting up the Information Security Officer
November 9, 2023	1. Approved the Consolidated financial statements for the period from January 1 to September 30, 2023. 2. Approved the Company's 2024 internal audit plan.
January 25, 2024	1. Approved the proposal for bonus to the Company's chairperson and managers. 2. Approved the proposal for certified accountants independence assessment for 2024. 3. Approved the proposal for obtaining pre-approval from the Audit Committee for the accounting firm and its affiliates to provide non-assurance services to the company and its subsidiaries for 2024. 4. Approved the Proposal for endorsement and guarantee for overseas subsidiaries. 5. To revise some provisions of the Company's " Rules of Procedure for Shareholders' Meetings. " 6. To revise some provisions of the Company's " Code of Practice for Corporate Governance. "
March 8, 2024	1. Approved the 2023 annual business report, individual financial statements and consolidated financial statements. 2. Approved the distribution of the Company's 2023 compensation to employees and remuneration to Directors. 3. Approved the proposal for the Company paying for the remuneration to Directors for 2023. 4. Approved the proposal for distribution of 2023 earnings. 5. Approved the proposal for cash distribution from capital surplus. 6. Approved the proposal for election of all directors (7 directors include 3 independent directors). 7. Approved the proposal for director candidates (including independent directors) nominated and reviewed by the Board of Directors. 8. To release of the new directors from non-compete restrictions. 9. Approved matters about 2024 shareholders meeting be convening. 10. Approved the Company's statement of internal control system 11. To revise some provisions of the Company's " Performance Evaluation Measures." 12. To revise some provisions of the Company's " Salary Payment and Adjustment Measures." 13. To revise some provisions of the Company's " Performance Bonus Payment Measures." 14. To revise some provisions of the Company's " Employee Bonus Payment Measures."

(12) The main contents of disagreement in a form of record or written statement from the Directors or the Auditors over the directors' resolution in the most recent year and as of the date of publication of the annual report : None.

(13) The total number of resignations or dismissals of persons involved in the financial report (including the Chairperson, General Manager, Head of Accounting, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development, etc.) in the most recent year and as of the date of publication of the annual report : None.

5. Information Regarding the Company's Audit Fee

(1) Audit Fees for CPA

In Thousands of New Taiwan Dollars						
Accounting Firm	Name of CPA	Auditing period	Audit Fee	Non-audit Fee	Total	Note
Ernst & Young	Cheng-Chu Chen	2023.01.01 ~ 2023.12.31	6,250	500	6,750	Non-audit fee refer to work for tax compliance audits and transfer pricing report.
	Kuo-Sen Hung					

Remark : If the company changed auditors or accounting firm during the current year, the audit period shall be separately disclosed, and the reason is explained in the notes. Additionally, the information regarding audit and non-audit fees paid is disclosed sequentially.

(2) The accounting firm is changed and the audit fee paid in the replacement year is less than it in the previous year: None.

(3) Audit fees decreased by more than 10% compared with the previous year: None.

6. Information Regarding the Change of CPA in the Past Two Years and Subsequent periods

(1) Former CPA

Date	January 1, 2023
Reasons for Change and Explanation	The former CPA are Wan-Ru Chiu and Chih-Chung Chen from Ernst & Young. Due to internal organizational changes in Ernst & Young, they were replaced by Cheng-Chu Chen and Kuo-Sen Hung start from first quarter of 2023.

Explain whether the Company ended the engagement or CPA declined further engagement	Parties		CPA	The Company
	Cases			
	Voluntarily Termination of Engagement		—	—
	Decline (Terminate) Further Engagement		—	—
Opinion and reason for the former CPA to issue an audit report expressing other than an unqualified opinion during the two most recent years	None			
Disagreement with the Company	Yes	—	Accounting principle or practice	
		—	Financial report disclosure	
		—	Auditing scope or procedure	
		—	Others	
		—		
	No	✓		
	Explanation			
Supplementary Disclosure (Matters specified in Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None			

(2) Successor CPA

CPA Firm	Ernst & Young
CPAs	Cheng-Chu Chen 、 Kuo-Sen Hung
Date of Engagement	January 1, 2023
Consultation on accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered prior to the engagement	None
Written opinions from successor CPA regarding disagreeable items of the former CPA	None

(3) Response by mail from the former CPA regarding matters in Items 1 and 2-3, Subparagraph 6, Article 10 : None

7. Any of the Company's Chairperson, General manager, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in the Most Recent Year : None

8. Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More in the Most Recent Year and As of the Date of this Annual Report.

(1) Changes in Shareholding by Directors, Supervisors, Managers and Major Shareholders :

In Shares

Title	Name	2023		As of April 23, 2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairperson	Shang-Yuan Tsai	—	—	—	—
Director with General Manager position	Shang-Ming Tsai	—	—	—	—
Director with Vice General Manager position	Meng-Wei Tsai	—	—	—	—
Director	Cheng-Han Jiang	—	—	—	—
Independent Director	Jhao-Rong Guo	—	—	—	—
Independent Director	En-Cih Jheng	—	—	—	—
Independent Director	Jhe-Hong Wu	—	—	—	—
Vice General Manager	Ting-Hung Tsai	—	—	—	—
Vice General Manager	Chien-Sheng Lee	—	—	—	—
Vice General Manager with Accounting Supervisor	Chia-Chen Chang	—	—	—	—
Senior Manager	Shu-Hui Chen	—	—	—	—
Senior Manager	Nien-Yi Wu	—	—	—	—
Senior Manager	Shu-Hua Hsu	—	—	—	—
Senior Manager	Chih-Hsiang Yen(Remark 2)	—	—	Not Applicable	
Senior Manager	Yen-Chang Hsu(Remark 3)	—	—	—	—
Major Shareholder (Remark 1)	Shang-Yuan Tsai	—	—	—	—
Major Shareholder (Remark 1)	Shang-Ming Tsai	—	—	—	—

Remark 1 : Shareholders with 10% shareholdings or more shall be indicated as major shareholders and listed separately

Remark 2 : Senior Manager Chih-Hsiang Yen was relieved on May 31, 2023.

Remark 3 : Senior Manager Yen-Chang Hsu was new-appointed on May 9, 2023.

(2) Transferring stock information : The directors, managers and shareholders holding more than 10% of the shares, have have no instances of transferring stock to related parties

(3) Pledging of shares information : The directors, managers and shareholders holding more than 10% of the shares, have have no instances of pledging shares to related parties.

9. Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other

Relationship between Top 10 Shareholders

As of April 23, 2024; (In Shares; %)

Name (Remark 1)	Shareholding		Shareholding by Spouses, Minor Children		Shareholding by Nominee Arrangement		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other Defined in Account Standard Communiqués No.6 (Remark 3)		Note
	Shares	%	Shares	%	Shares	%	Name	Relation	
Shang-Yuan Tsai	10,087,550	9.89%	3,429,500	3.36%	1,916,791	1.88%	Shang-Ming Tsai	Sibling	None
							JIH LONG Industry Co., Ltd.	Son of Director/Chairperson	
							Su-Chen Lin	Spouses	
Shang-Ming Tsai	8,875,000	8.70%	2,319,500	2.27%	6,438,663	6.31%	Shang-Yuan Tsai	Brother	None
							JIH LONG Industry Co., Ltd.	Son of Director/Chairperson	
							Meng-Wei Tsai	Father and son	
							HSIU FANG Investment Co., Ltd.	Father of the representative	
GUAN CING investment Co., Ltd Representative : Chang-Sheng Li	5,005,000	4.91%	—	—	—	—	—	—	None
	3,111,000	3.05%	—	—	—	—	—	—	
JIH LONG Industry Co., Ltd. Representative : Wan-Kuo Tsai	4,914,063	4.82%	—	—	—	—	Shang-Yuan Tsai	Father and Son	None
							Shang-Ming Tsai	Father and Son	
							HSIU FANG Investment Co., Ltd.	Grandfather of the representative	
							Meng-Wei Tsai	Grandparent and Grandchild	
HSIU FANG Investment Co., Ltd. Representative : Hsiu-Yin Tsai	4,243,144	4.16%	—	—	—	—	Shang-Ming Tsai	Father and Daughter	None
	1,055,500	1.03%	—	—	—	—	JIH LONG Industry	Granddaughter of the representative	
							Meng-Wei Tsai	Sibling	

Name (Remark 1)	Shareholding		Shareholding by Spouses, Minor Children		Shareholding by Nominee Arrangement		Names and Relationship of Top 10 Shareholders who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other Defined in Account Standard Communiqués No.6 (Remark 3)		Note
	Shares	%	Shares	%	Shares	%	Name	Relation	
Su-Chen Lin	3,429,500	3.36%	—	—	—	—	Shang-Yuan Tsai	Spouses	None
							Shang-Ming Tsai	Sister in law	
							JIH LONG Industry Co., Ltd.	Daughter-in-law of the Chairperson	
Chang-Sheng Li	3,111,000	3.05%	—	—	—	—	GUAN-CING investment Co., Ltd	Representative	None
Meng-Wei Tsai	2,541,000	2.49%	—	—	200,000	0.20%	Shang-Ming Tsai	Father and Son	None
							Wan-Kuo Tsai	Grandparent and Grandchild	
							JIH LONG Industry Co., Ltd.	Grandson of the representative	
Chiu-Chu Wu	2,319,500	2.27%	—	—	—	—	Shang-Ming Tsai	Spouses	None
							Shang-Yuan Tsai	Sister in law	
							JIH LONG Industry Co., Ltd.	Daughter-in-law of the Chairperson	
HUNG HSIU Investment Co., Ltd. Representative : Shang-Yuan Tsai	1,916,791	1.88%	—	—	—	—	Shang-Ming Tsai	Brother	None
							JIH LONG Industry Co., Ltd.	Son of Director/Chairperson	
	10,087,550	9.89%	3,429,500	3.36%	1,916,791	1.88%	Su-Chen Lin	Spouses	

Remark 1 : All the top ten shareholders were listed, and those who are corporate shareholders listed the names of corporate shareholders and its agent separately.

Remark 2 : Shareholding percentage means the percentage of shareholding in the method share hold by himself, share hold by spouses/minor children or share hold by nominee arrangement.

Remark 3 : The shareholders listed above include juridical persons and natural persons, and the relationship between them was disclosed.

10. Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities on the Same Investee

Shareholding Percentage

(In Shares ; %)

Investee	Investment by the Company		Investment by Directors, Managers and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
SPEEDY INVESTMENT LIMITED	1,000	100.00%	—	—	1,000	100.00%
JIH LI Technology Co., Ltd	5,000,000	100.00%	—	—	5,000,000	100.00%
Jih-Linchpin Limited	3,000,000	100.00%	—	—	3,000,000	100.00%
SH Precision Co.,Ltd	8,000	100.00%	—	—	8,000	100.00%
Malaysian SH Precision Sdn. Bhd	13,871,000	100.00%	—	—	13,871,000	100.00%

Remark : The Company investment using the equity method.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

A. History

As of April 30, 2024 (In Shares; NTD)

Month / Year	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Shares Source	Capital Increase by Assets Other than Cash	Others
2018.03	10	100,000,000	1,000,000,000	82,837,198	828,371,980	Converted from CB 8,504,700	None	By Jing-Jia-Shang- Zi No. 10700019500N 2018.03.01
2018.05	10	100,000,000	1,000,000,000	83,767,575	837,675,750	Converted from CB 9,303,770	None	By Jing-Jia-Shang- Zi No. 10700053420 2018.05.25
2018.08	10	100,000,000	1,000,000,000	83,811,389	838,113,890	Converted from CB 438,140	None	By Jing-Jia-Shang- Zi No. 1070008901 2018.08.22
2018.11	10	100,000,000	1,000,000,000	84,270,077	842,700,770	Converted from CB 4,586,880	None	By Jing-Jia-Shang- Zi No. 1070012379 2018.11.26
2019.01	10	100,000,000	1,000,000,000	84,613,414	846,134,140	Converted from CB 3,433,370	None	By Jing-Jia-Shang- Zi No. 1080001371 2019.01.29
2019.05	10	150,000,000	1,500,000,000	85,965,343	859,653,430	Converted from CB 13,519,290	None	By Jing-Jia-Shang- Zi No. 1080005540 2019.05.27
2019.08	10	150,000,000	1,500,000,000	86,099,463	860,994,630	Converted from CB 1,341,200	None	By Jing-Jia-Shang- Zi No. 1080008571 2019.08.14
2019.11	10	150,000,000	1,500,000,000	94,089,259	940,892,590	Converted from CB 79,897,960	None	By Jing-Jia-Shang- Zi No. 1080012251 2019.11.26
2021.11	10	150,000,000	1,500,000,000	102,040,926	1,020,409,260	Converted from CB 79,516,670	None	By Jing-Jia-Shang- Zi No. 1100011875 2021.11.11

B. Type of shares

As of April 30, 2024

Shares Type	Authorized Capital			Remark
	Outstanding	Unissued Shares	Total	
Common Shares	102,040,926	47,959,074	150,000,000	The Company's shares are listed.

C. Shelf Registration : None

(2) Shareholder Composition

As of April 23, 2024

Type Quanti- ties	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	—	4	36	10,878	49	10,967
Shares	—	235,908	24,216,803	76,255,707	1,332,508	102,040,926
%	—	0.23%	23.73%	74.73%	1.31%	100.00%

Remark : First-listed (counter) companies and OTC-listed company should disclose their shareholding ratios from mainland investors; mainland investors refer to people, juridical persons, groups, other institutions, or companies investing in third regions as stipulated in Article 3 of Measures Governing Investment Permit to the People of Mainland Area.

(3) Shareholding Distribution

A. Common share

As of April 23, 2024

Shareholding	Number of Shareholders	Number of Shares	Percentage
1 to 999	1,481	251,593	0.25%
1,000 to 5,000	8,130	14,861,755	14.56%
5,001 to 10,000	774	6,062,014	5.94%
10,001 to 15,000	182	2,344,928	2.30%
15,001 to 20,000	129	2,400,436	2.35%
20,001 to 30,000	98	2,446,222	2.40%
30,001 to 40,000	38	1,344,975	1.32%
40,001 to 50,000	30	1,391,027	1.36%
50,001 to 100,000	36	2,614,447	2.56%
100,001 to 200,000	25	3,745,703	3.67%
200,001 to 400,000	18	4,886,991	4.79%
400,001 to 600,000	5	2,373,200	2.33%
600,001 to 800,000	5	3,687,294	3.61%
800,001 to 1,000,000	2	1,883,500	1.85%
Over 1,000,001	14	51,746,841	50.71%
Total	10,967	102,040,926	100.00%

B. Preference share : None

(4) Major Shareholders :

The name, number of shares and percentage for those shareholders with a shareholding ratio of 5% or more, and the top 10 shareholders.

As of April 23, 2024

Shareholding Major Shareholders	Shares	Percentage
Shang-Yuan Tsai	10,087,550	9.89%
Shang-Ming Tsai	8,875,000	8.70%
GUAN-CING investment Co., Ltd	5,005,000	4.91%
JIH LONG Industry Co., Ltd.	4,914,063	4.82%
HSIU FANG investment Co., Ltd.	4,243,144	4.16%
Su-Chen Lin	3,429,500	3.36%
Chang-Sheng Li	3,111,000	3.05%
Meng-Wei Tsai	2,541,000	2.49%
Chiu-Chu Wu	2,319,500	2.27%
HUNG HSIU investment Co., Ltd	1,916,791	1.88%

(5) Market Price, Net Value, Earnings and Dividends Per Share in the most recent two years

Unit : New Taiwan Dollars

Item \ Year			2022	2023	2024/1/1 to 2024/4/30 (Remark 8)
Market Price per Share (Remark 1)	Highest		109.50	92.60	72.00
	Lowest		58.70	59.80	60.50
	Average		81.92	76.93	65.54
Net Value per Share (Remark 2)	Before Distribution		30.54	28.12	—
	After Distribution		27.04	(Remark 9)	—
Earnings per Share	Weighted Average No. of Shares (in thousands of shares)		102,041	102,041	102,041
	Earnings per Share (Remark 3)	Before Adjustment	4.08	1.75	—
		After Adjustment	4.08	(Remark 9)	—
Dividends per Share	Cash Dividends	From Surplus	1.50	0.90 (Remark 9)	—
		From additional Paid-in Capital	2.00	1.10 (Remark 9)	—
	Stock Dividends	From Surplus	—	—	—
		From additional Paid-in Capital	—	—	—
	Accumulated Undistributed Dividend (Remark 4)		—	—	—
Analysis on Investment Return	Price/Earnings Ratio (Remark 5)		20.08	43.96	—
	Price/Dividend Ratio (Remark 6)		23.41	38.47	—
	Cash Dividend Yield (Remark 7)		4.27%	2.60%	—

* Market price adjusted retrospectively according to the number of shares and cash dividend information shall be disclosed if there is stock dividends paid from surplus or additional paid-in capital.

Remark 1 : The maximum and minimum market prices of common stocks for each year are listed, and the average market price of each year is calculated based on the transaction value and trading volume in that year.

Remark 2 : The numbers are based on the number of shares outstanding at the end of the year and the distribution plan approved by the following year's Shareholders' Meeting.

Remark 3 : Earnings per Share before adjustment and after adjustment shall be disclosed if there is a retrospective adjustment due to stock dividends paid.

Remark 4 : If the rule that the dividends unpaid in the current year could be accumulated to the year of surplus and paid is stipulated in the conditions for the issuance of equity securities, the accumulated unpaid dividends up to the current year shall be disclosed.

Remark 5 : $\text{Price/Earnings Ratio} = \text{Average Closing Price for the Year} / \text{Earnings per Share}$

Remark 6 : $\text{Price/Dividend Ratio} = \text{Average Closing Price for the Year} / \text{Cash Dividends per Share}$.

Remark 7 : $\text{Cash Dividend Yield} = \text{Cash Dividends per Share} / \text{Average Closing Price for the Year}$.

Remark 8 : The net value per share and earnings per share shall be stated with the information reviewed (verified) by CPAs for the most recent quarter before the date of publication of the annual report. The remaining fields should be filled with data for the year as of the date of publication of the annual report.

Remark 9 : Earnings distribution for 2023 resolved by the Board on March 8, 2024 is pending for approvals from the Shareholders' Meeting.

(6) Dividend Policy and Its Execution Status

A. The dividend policy is stipulated in the Articles of Incorporation as follows :

Article 19 : When the Company makes a profit for the year, the compensation to employees shall be two to ten percent of the balance and the remuneration to the directors shall not be higher than two percent of the balance. However, when the Company still has accumulated losses, it shall reserve the compensation amount in advance.

The compensation can be made in the form of stock or cash. Parties eligible to receive the said compensation shall include employees in controlled company or affiliated companies who met certain conditions set by the Board.

Article 19-1 : The Company shall first pay the tax and reserve the amount of the accumulated loss when there is the profit before tax of the year, and the next withdrawal of 10% shall be the statutory surplus reserve and the special surplus reserve allocated or reversed in accordance with the provisions of the competent authority. Except for discretionary reservations, the board of directors shall propose a proposal for the distribution of profit resolved in the shareholders' meeting to distribute the dividends of the shareholders, together with the accumulated surpluses in the previous years. The dividends distribution of the shareholders in the before paragraph paid by way of cash shall be decided by the Board of Directors and report to the Shareholders' Meeting in the presence of more than two-thirds of the Directors and the resolutions of a majority of the Directors.

Article 19-2 : In accordance with article 241 of the Company Law, the Company shall issue all or part of the statutory surplus reserve and capital reserve to new shares or cash in proportion to the original shares of the shareholders, when it distributed in cash, authorize the Board of Directors to decide it with the attendance of more than two-thirds of the directors and the resolution of a majority of the directors present, and then report to the shareholders' meeting.

The Company belongs in the industry which is under growing stage. Because of company's fund requirement in the future and long term operating plan and reaching the target of sustainable operation and steady business performance, also considering the shareholder's interests, the dividend paid yearly shall not less than 20% of the amount of company net income deduct accumulated deficit and statutory surplus reserves or others statutory reserve, and the amount of cash dividend paid the year shall not less than 20% of the amount of expected dividend paid. But a distribution proposal of dividend type and ratio will be proposed by the board and submitted to the shareholder's meeting and adjusted based on company's situation and capital planning etc.

B. Earnings distribution proposal :

- (a) The Company's profit after tax in 2023 is NTD178,636,391, and the accumulated undistributed dividend amount of 2022 is NTD772,108,745, and deduct other comprehensive income (Actuarial present value of defined profit plan) which is NTD1,705,858. According to Financial management certificate No. 1010012865, the Company allocate NTD66,399,668 for special reserve and NTD17,693,053 for the statutory surplus reserve for the year 2023. The accumulated distributable surplus for this year is NTD864,946,557 and cash dividend be paid expectedly on total NTD91,836,833. The declared dividend is NTD0.9 per share.

Unit : New Taiwan Dollars

Initial Retained Earnings Undistributed		772,108,745
Add : Other Comprehensive Income (Actuarial Gains and Losses in Defined Benefit Plan (2023Y))	(1,075,858)	
Add : Current Net Income	178,636,391	
Minus : Allocate Special Reserve	(66,399,668)	
Minus : Allocate Statutory Surplus Reserve	(17,693,053)	92,837,812
Current distributable amount		864,946,557
Item :		
Shareholder dividend		
Cash dividend (NTD0.9 per share)	(91,836,833)	(91,836,833)
Retained Earnings Undistributed at the end		773,109,724

- (b) The subjects of profit distribution for the current year and the cash allocation of the capital reserve are scheduled to be submitted to the shareholders' meeting for discussion on June 21, 2024. The statutory surplus reserve of NTD17,693,053 will be allocated in accordance with the Company Law, and also Shareholder dividend of NTD91,836,833 will allocated. The retained earnings undistributed of NTD773,109,724 at the end will be retained for future years.

C. Any expected significant changes in dividend policy : No significant changes as of the date of publishment.

(7) Impact of Stock Dividends on Operation Performance and Earnings per Share : Not applicable.

(8) Compensation to Employees, Directors :

A. The percentage or range of compensation to employees and remuneration to directors in the Articles of Incorporation is as follows

In accordance with Article 19 of the Articles of Incorporation : When the Company makes a profit for the year, the compensation to employees shall be two to ten percent of the balance and the remuneration to the directors shall not be higher than two percent of the balance. However, when the Company still has accumulated losses, profit shall cover the losses before it is used for compensation.

For the compensation mentioned in the preceding paragraph, stock or cash may be issued to employees of controlled or subordinate companies who meet certain conditions authorized by the Board of Directors.

B. The estimation basis of compensation to employees and remuneration to directors, calculation basis for number of shares distributed as employee compensation and accounting treatments for difference between estimated and actual payment amount.

The remuneration of employees and directors shall be estimated in advance at the time of preparation of the mid-term and annual financial statements by the Company in accordance with the provisions of the Company Law and the Articles of Incorporation, and shall be listed as a proper accounting items under the operation cost or operating expenses according to the nature of the remuneration of employees and directors. After that, if any discrepancy in amount between the resolution of the Board and the estimation in the financial statements, the discrepancy would be regarded as a estimated change and would be included in the current net income.

C. Proposed compensation approved by the Board

(a) The compensation to employees and remuneration to directors are paid with cash or stock.

The Company approved the distribution of NTD8,000,000 in remuneration for employees, NTD1,920,000 in remuneration for directors, and NTD1,440,000 in total for the whole year to be paid monthly to independent directors on the Board on March 8, 2024. There is no discrepancy in amount between the resolution of the Board and the estimation in financial statements 2023.

(b) Amount of stock distributed as employee compensation and as a percentage to net income of parent company only or individual financial statements and aggregate compensation to employees : Not applicable.

D. Actual payment of compensation to employees and remuneration to directors in the previous fiscal year :

Item	Payment of compensation to employees and remuneration to directors in 2022		Difference	Reason of difference
	Resolution in the Board of Directors (March 21, 2023)	Actual payment as resolved in the shareholders' meeting (June 19, 2023)		
Remuneration to directors	2,400,000	2,400,000	—	—
Compensation to employees	10,000,000	10,000,000	—	—

(9) Buyback of Common Shares: None.

2. Corporate Bonds : None.

3. Preferred Shares : None.

4. Global Depositary Shares : None.

5. Employee Stock Options : None.

6. Employee Restricted Stock : None.

7. New Share Issuance in Connection with Mergers and Acquisitions : None.

8. Execution of Funding Plans : None.

V 、Operational Highlights

1. Business

(1). Business Scope

A. Major Products/Services :

- (a) CQ01010 Die manufacturing.
- (b) F106030 Wholesale of Die.
- (c) CC01080 Electronic parts and components manufacturing.
- (d) C805050 Technical plastic products manufacturing.
- (e) F119010 Wholesale of electronic materials.
- (f) CB01010 Machinery and equipment manufacturing.
- (g) F113010 Wholesale of machinery.
- (h) Other businesses which are not prohibited or restricted by the laws, in addition to business approved.

B. Major Products as a Percentage to Revenue

In Thousands of New Taiwan Dollars ; %

Main Products	2023		2022	
	Amount	%	Amount	%
TO Lead Frame	1,670,225	32.55%	1,952,920	31.12%
Discrete	1,262,391	24.60%	1,676,507	26.72%
Module	648,198	12.63%	680,583	10.85%
Others	1,550,738	30.22%	1,964,390	31.31%
Total	5,131,552	100.00%	6,274,400	100.00%

C. Major Products/Services

JIH LIN TECHNOLOGY CO., LTD is mainly engaged in the research and development, manufacturing and sales of various power Lead Frames. The products can be classified as TO Lead Frame, Discrete, Power Module Lead Frame and others. Lead Frames are packaging materials of power semiconductor products, and the terminal products are widely used in energy-efficient electronics, mobiles, alternative fuel vehicle, PC, industrial VFD and consumer electronics etc.

D. Development of New Products

- (a) To develop the Lead Frame which was used in high-technology product like High-Power Transistor, Thin Power Lead Frame and Micro-Rectifier Diode etc.

- (b) To cooperate with customers in developing the products such as intelligent modules for Major Appliance and lead frames for industrial power control.
- (c) To cooperate with customers in developing the automotive Lead Frame applied in alternative fuel vehicle and the Lead Frame applied in High-Class Power Module.
- (d) To develop Power Integrated Module(PIM).
- (e) To cooperate with customers in developing the Lead Frame applied in Wide Bandgap semiconductor- SiC and GaN product.

(2) Industry Overview

A. Industry Status and Development

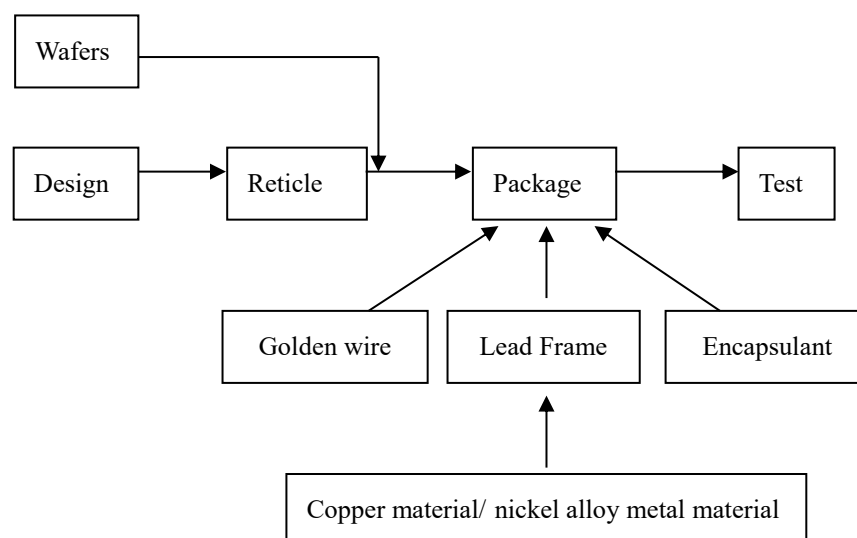
The Lead Frame produced by the Company belongs to semiconductor industry, and the semiconductor market is classified into three categories - Integrated Circuit (IC) , Discrete and Optoelectronics, and the core products of the Company are Diode and Transistor Power component Lead Frame. Lead Frame is mainly used as a chip carrier and in a circuit board that transmits the internal functions of electronic components to the external connection, and it's the most important one within three major materials of semiconductor wire packaging (Lead Frame, Golden wire and Encapsulant) . Power Lead Frame is widely used in products such as PC, communication product, consumer electronics, alternative fuel vehicle and industrial VFD in which the market scale are closely related to semiconductor industry, developing amount of IC product and chip factory production quantities, so the performance of Lead Frame industry will be affected by the delivery quantity of end-application product and global semiconductor market.

According to the statistics of WSTS (World Semiconductor Trade Statistics Association), the global economic growth rate declined from 3.08% to 2.7% in 2023 due to macroeconomic regulation, global inflation, and geopolitical turmoil. Global semiconductor sales also decreased from USD574 billion in 2022 to an estimated USD520.1 billion in 2023. It is projected that in 2024, with the proliferation of generative AI and the recovery of memory demand, the overall semiconductor sales are expected to reach USD588.4 billion.

B. Upstream,midstream and downstream industry linkages

The main product in the Company is Lead Frame, which is mainly made of copper or iron-nickel alloys through stamping and then plating, and products are sold to IDM customers or compound outsourcing facilities producing discrete elements (such as Rectifier Diode or Power transistor etc.) . The main raw materials in the upstream of the industry are metal materials such as copper and iron-nickel alloys, and the fluctuation of the material cost and

price will affect the Company's operation and profit as well. Since the trading of metal materials is an open and transparent market and the Company considered the fluctuation of current raw material price in pricing, so the operating risk is under control. The major customers in downstream are international semiconductor IDM factories or professional packaging foundries, which produce customized products in response to customer needs. The requirements for product innovation, development and launch capabilities and speed are market competition risks faced by the Company's industry.



C. Product development trends

The main products of the Company are customized power component lead frames. According to the product and chip packaging methods, there are two types: single lead frame and module lead frame. Power Devices have a long developing history and are the key parts of electronic power transmission and conversion. The extended application products are ubiquitous. The growth momentum mainly comes from the demand of terminal application equipment, such as consumer electronics, 5G communication equipment, alternative fuel vehicle, new energy and industrial machine etc. Power devices are responsible for the conversion of power supply types, thereafter power device market scale is in highly positive correlation with global economic developing situation. In recent years, the two major applications leading to the growth of power components are 5G and New Energy Vehicle. Regarding 5G systems, because the communication frequency belongs to millimeter wave, which has the higher frequency and the greater radio wave attenuation, so that there is the higher demand for base station and antenna compared with 4G. The system power consumption is 1,000W, which is three to four times the power consumption of the previous 4G era. GaN has higher power density which can significantly reduce the size of the chip. Under the policy trend of energy saving and carbon reduction in various countries, switching to GaN on SiC will have a considerable effect on power saving. In terms of mobile phone sales, the fast charger has become the standard equipment

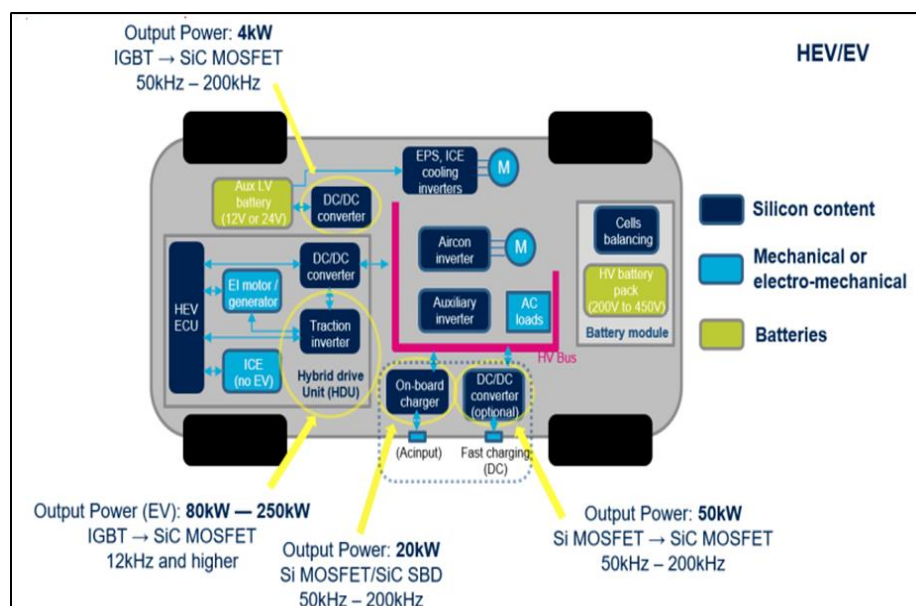
when we purchase mobile phone, in addition to using rectifiers and low power discrete transistors, this kind of fast charger has adopted the third generation of compound gallium nitride (GaN) as a substrate for power component production, and has the advantages of shorter switching time and lower power consumption than traditional Si substrate materials. At present, gallium nitride (GaN) had been widely used in fast charging systems for handheld devices and PC, and also been gradually introduced into new energy vehicle charging converters, data centers and base station power management equipment. There will be a positive impact on the demand for power components and power lead frames. With the acquisition of the IC design house Gan Systems by the major power component manufacturer Infineon last year, the foundation for the application of GaN in power semiconductor components has been further strengthened.



Data source : Topology Research Institute (2020/7) 。

In addition, new energy vehicles are mainly based on IGBTs (Si IGBTs) made of silicon substrates. IGBT can reverse DC into frequency adjustable alternating current, as known as the CPU of electronic circuits. The inverter of the motor control unit (inverter) is the most important electronic part that converts the energy from electrical energy to kinetic energy in EV's electronic system. The most important part that affects the power conversion efficiency is the power electronic module. At present, the power components used in 30-50KW motors are mainly composed of silicon-based IGBTs and diodes. Because the operating environment of the car is about minus 40 degrees to 175 degrees, the environment is relatively harsh. The requirements of high temperature resistance, low thermal resistance and low power consumption are important. IGBT accounts for about half of the cost of the electric motor drive system, and the motor drive system accounts for 15 to 20% of the cost of the vehicle, which means that IGBT accounts for 7 to 10% of the cost of the vehicle. IGBT is not only the second most expensive component in addition to the battery, but it is also related to the energy efficiency of the whole vehicle.

"Shorten charging time" and "increase charging energy" have long been the key factors in the development of electric vehicles, because the rechargeable battery of electric vehicles are driven by direct current and their motors are driven by alternating current. In order to achieve the previous two projects, we have to increase the number of batteries of electric vehicles and improve the power tolerance of the whole vehicle. The traditional Si IGBT voltage has a voltage of 400V~600V under the electric vehicle architecture, and the charged voltage often needs to reach 800V~1200V to increase the power of the vehicle, which will increase the energy switching loss and conduction loss rapidly, and cannot achieve the goal of shortening charging time and increasing charging energy. Therefore, the new generation of electric vehicle has changed the semiconductor material to silicon carbide SiC. The use of SiC in the main components of electric vehicles has the advantages of improving charging efficiency, reducing volume, reducing the amount of electronic components and heat dissipation components, etc. At present, the international IDM manufacturers have successively developed a automotive SiC Power device and introduced to vehicle manufacturers for using. However, the production cost is high because of the time-consuming production and low-yield rate of SiC front-end epitaxial wafers and Substrate, so mass application is not feasible. At present, SiC Power device is mainly used in the motor inverter of electric vehicles, followed by DC-DC converter and OBC (On Board Charger). It is estimated that the main material of power components may switch from Si to SiC as the early as between 2027 and 2030.



Data source : CITIC Securities "800V Industrial Chain Series Report" °

At present, the cost of semiconductors consumed per vehicle in traditional fuel vehicles and electric vehicles is USD 750 and USD 1,300 around, respectively. The power semiconductors contained within are USD 50 and USD 600 around. Therefore, the higher the degree of electronization, the greater the demand for power components in automobiles ; on the other hand, driven by favorable factors such as laws and regulations, the evolution of vehicle manufacturing technology, and the infrastructure development, new energy vehicles have achieved significant sales growth in recent years. And major countries have adopted subsidy measures to stimulate industrial development, among which China being the most active due to fourteen years of car purchase subsidies for consumers from 2009 to 2022. In addition, both domestic and foreign joint-venture factories of traditional fuel vehicles and new energy vehicle manufacturers have established production and sales facilities in China. The external competition in the market is strong which is conducive to the competitiveness of their products and companies.

Currently, the global penetration rate of new energy vehicles (NEVs) is approximately 18%, with China's penetration rate standing at around 35%, which is higher than that of Europe and the United States. However, the United States passed the "Inflation Reduction Act" in August 2022, which is expected to provide incentives for renewable energy companies that involved in setting up electric vehicle factories or producing solar battery, while also provide tax deduction for consumers who purchase electric vehicles. This act, as well as the Chip Act, serves as an important act for Biden administration to revitalize U.S. manufacturing and increase supply chain resilience. It makes major automakers or spare parts suppliers around the world to adjust their future factory layout, and it is expected to enable the development of domestic electric vehicle industry in the United States in the future.

As mentioned above, carbon neutrality and electric vehicle policies in various countries don't have slowed down due to inflation and economic recession. Major countries are continuing to strengthen their national medium-term and long-term development policies. With the development of multi-materials for power semiconductors, it is expected that the future development of JLT which has set up multiple locations in the Asia-Pacific region will have benefited.

D. Market Competition

Lead Frame is a customized packaging material, and the product can be divided into the power Lead Frame from stamping process and the integrated circuit Lead Frame from chemical etching process. The semiconductor packaging industry is currently dominated by Taiwan, China, Japan and South Korea. The main manufacturers include Taiwanese manufacturers JIH LIN Technology, SDI, CWTC, Jentech precision and others; Chinese manufacturers Kang Qiang, Yong Zhi; Japanese manufacturers Mitsui High-Tech, Shin Kong Electric Appliances, Enomoto; South Korean manufacturers Haesung DS and European manufacturers Possehl and other companies. The aforementioned companies sell different types of lead frames, mainly producing Integrated Circuit Lead Frame. In recent years, some manufacturers have also developed IC structure mounting boards and transformed into packaging materials integrated suppliers, or have simultaneously engaged in the development of special metal processing such as heat dissipation products. Among the relevant manufacturers, only JIH LIN Technology is a professional semiconductor Power Lead Frame manufacturer. In recent years, semiconductor industry was booming in the Mainland China and Southeast Asia, and China has also encouraged the localization of material supply. As a result, small-scale regional lead frame manufacturers have entered the industry one after another. However, it is difficult for them to compete with the aforementioned manufacturers for quality and mass production capacity currently. The key to the power Lead Frame competition lies in excellent and rapid mold development, stable production quality and material equipment integration capabilities. At present, the development trend is shifting from the traditional Single Lead Frame into Modular Lead Frame and our company had established the product and market development threshold. The Company with excellent technology and stable quality makes adjustments for customer demand and delivers quickly. The Company's products are currently sold throughout the major semiconductor producing countries in the Asia-Pacific region and high-end market for vehicles in Japan. As the demand for automotive electronic components and inverter home appliances continues to increase, the Company will follow this trend to develop related products of green energy, automotive electronics, industrial frequency conversion products and other auxiliary electronic products etc. with the attitude of "Innovation and excellence, creativity and future".

(3) Technology and Research and Development

A. Technology and R&D

The company has customers from China, Europe, the United States, and Japan, and our subsidiary also has the experienced tools development team and advanced production and R&D equipments which contributes to the overall strength of the group in order taking. In response to multi-row and modular products, we have also successively purchased large stamping equipments and continuous production equipments in recent years, and introduced the metal surface plating technology for automotive products. The Company has the continuous production capacity from tooling design and manufacturing to stamping and plating, which help shorten the product development time greatly, and response to solve the problems quickly.

In addition, in order to reduce the impact of raw material prices on production costs, the Company continues to improve the design and development ability of forging process machine, manufacture dual-gauge with our own technology, increase the volume of major material made in our own and reduce the ratio of outsourcing, which help improve the elasticity of material supplying and the benefit of cost saving so as to be more competitive in the industry.

B. Education Level of Research and Development Personnel

As of the end of March 2024, the Company has a total of 124 Research and Development Personnel, of which 64 people are college degree or above accounting for 51.61% of the total number of Research and Development Personnel, and the distribution of their academic qualifications is shown in the table below :

In number of people						
Education \ Year	2022		2023		End of March 2024	
	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
Doctor's Degree	—	0.00%	—	0.00%	—	0.00%
Master's Degree	2	1.52%	2	1.57%	2	1.61%
Bachelor's Degree	58	43.94%	62	48.82%	62	50.00%
Others	72	54.55%	63	49.61%	60	48.39%
Total	132	100.00%	127	100.00%	124	100.00%

(3) Research and Development Expenses from 2019 to 2023

In Thousands of New Taiwan Dollars ; %

Item \ Year	2019	2020	2021	2022	2023	End of March 2024
R&D Expenses	64,066	49,968	117,650	108,374	106,451	26,198
Net Revenue	4,458,146	4,347,192	6,331,893	6,274,400	5,131,552	1,185,514
Rate of R&D expenses to Net Revenue (%)	1.44%	1.15%	1.86%	1.73%	2.07%	2.21%

(4) Technology or Product Developed from 2019 to 2023

Year	Result
2019	1. Eight types of High-Power Discrete Transistor Lead Frame developed. 2. Two types of High-power Discrete Transistor Lead Frame jumper developed. 3. Three types of Rectifier Lead Frame jumper developed. 4. Two types of General Discrete Transistor Lead Frame developed. 5. Thirteen types of High-Power Discrete Transistor Lead Frame added into stamping tools. 6. Six types of High-Power Discrete Transistor Lead Frame added into down set tools. 7. Four types of Low-Power Discrete Transistor Lead Frame added into down set tools. 8. Two types of Opto/LED Lead Frame developed. 9. One type of Integrated Circuit (IC) Lead Frame product developed. 10. Four types of Low-Power Discrete Transistor Lead Frame added into down set tools. 11. Eight sets of Intelligent Power Module (IPM) Lead Frames tools developed and started mass production which are used in energy-saving inverter home appliances and New Energy Vehicles.
2020	1. Two types of High-Power Discrete Transistor Lead Frame developed. 2. One type of High-power Discrete Transistor Lead Frame jumper developed. 3. One type of Rectifier Lead Frame developed. 4. Three types of Rectifier Leadframe jumper developed. 5. Four types of Low-Power Discrete Transistor Lead Frame added. 6. Six sets of High-Power Discrete Transistor Lead Frame tools started mass production for a total of 12 types of product. 7. Three types of Micro Rectifier Diode Lead Frame added. 8. Five types of Low-Power Discrete Transistor Lead Frame added into down set tools.

Year	Result
	9. Nine sets of Intelligent Power Module (IPM) Lead Frames tools developed and started mass production which are used in energy-saving inverter home appliances and New Energy Vehicles.
2021	1. Fourteen types of High-Power Discrete Transistor Lead Frame developed. 2. Five types of High-power Discrete Transistor Lead Frame jumper developed. 3. Seven types of Rectifier Lead Frame developed. 4. Four types of Rectifier Lead Frame jumper developed. 5. Nine types of Low-Power Discrete Transistor Lead Frame added. 6. Eleven types of Intelligent Power Module (IPM) Lead Frame developed which are used in energy-saving inverter home appliances and New Energy Vehicles.
2022	1. Twenty-six types of High-Power Discrete Transistor Lead Frame developed. 2. Eight types of High-Power Transistor Clip developed. 3. Nine types of Rectifier Lead Frame developed. 4. One type of Rectifier Clip developed. 5. Nine types of Low-Power Discrete Transistor Lead Frame added. 6. Two types of Low-Power Discrete Transistor Clip added. 7. Sixteen types of Power Module Lead Frame or Clip developed which are used in energy-saving inverter home appliances and New Energy Vehicles.
2023	1. Twenty-eight types of High-Power Discrete Transistor Lead Frame developed. 2. Six types of High-Power Transistor Clip developed. 3. Nine types of Rectifier Lead Frame developed. 4. One type of Rectifier Clip developed. 5. Two types of Low-Power Discrete Transistor Lead Frame added. 6. One type of Low-Power Discrete Transistor Clip added. 7. Nine types of Power Module Lead Frame or Clip developed which are used in energy-saving inverter home appliances and New Energy Vehicles. 8. One type of electronic material developed.

(4) Short Term and Long Term Business Development Plan

A. Short Term Business Development Plan

High-power products such as medium, high-voltage and high-frequency power discrete components will derive characteristics of low on-resistance, heat conduction, and anti-electromagnetic interference due to the requirements of thinness, high conversion, and low power consumption. The Company promotes rectification protection components and TO lead frames to meet the necessity of the industry ; at the same time, in view of the general need for high voltage and high current characteristics of automotive products, the heat dissipation and electrical conduction requirements will be derived. In the future, the importance of copper clip bonding will increase, and the Company will promote product development in line with customer needs.

B. Long Term Business Development Plan

The supply chain of power device products is designed from the perspective of "Reasonable Cost to Improve Conversion Efficiency and Reduce Energy Consumption". Therefore, from Frontend chip manufacturing, Backend packaging and power system product design, comprehensive factors such as power density, switching speed, heat dissipation, on-resistance, and electromagnetic waves need to be considered. Based on the increasing demand for backend packaging due to the improvement of power density and the strengthening of telecommunications integration of semiconductor components, power modules have become the mainstream for the development of next-generation power components. The Company has successfully developed the PIM (Power Integrated Module) Lead Frame from the Intelligent Power Module IPM lead frame. The products are mainly used in the three-electric system of new energy vehicles, and have been shipped to well-known foreign BEV factories. These products need to be produced by integrating double-sided (or single-sided) cooling modules and composite metal processing methods at the same time, which can perform large-area component heat dissipation and ensure chip performance, and respond to the current high-voltage demand of new energy vehicles above 800V. The Company plans to cooperate with customer needs to promote the group's multi-point production and manufacturing capabilities to improve the future competition threshold.

2. Market and Sales Overview

(1) The market analysis

A. Mainly product (Service) sales (Provide) region

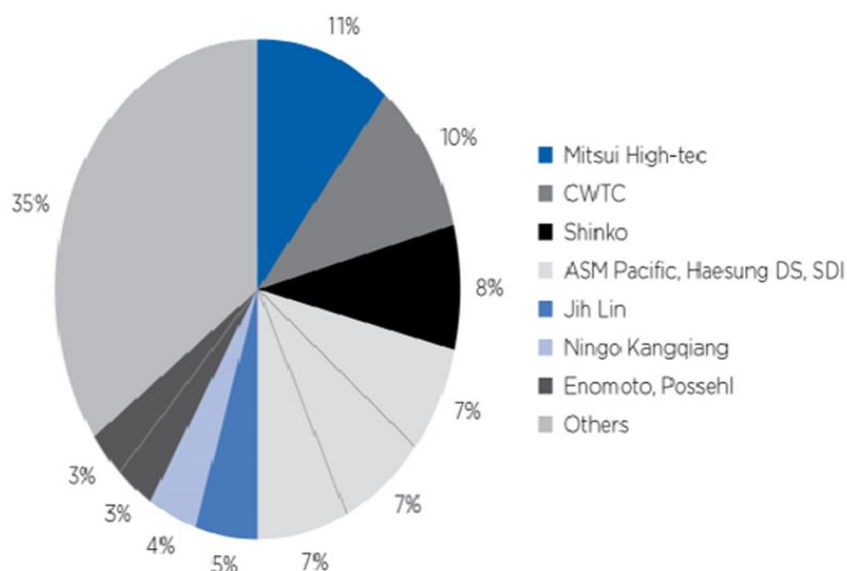
In Thousands of New Taiwan Dollars

Region	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	540,125	10.52%	513,606	8.19%
Mainland China	2,070,363	40.35%	2,559,284	40.79%
Other Country	2,521,064	49.13%	3,201,510	51.02%
Total	5,131,552	100.00%	6,274,400	100.00%

B. Proportion of the market

In terms of market share, the Company's major product lead frames are "Lead frames for transistors, diodes" (Export Tariff code. 85419020007) of the export declaration product category. The total export quantity was 40,843,444 thousand and the total export value was USD 301,711 thousand (NTD9,408,858 thousand) of this code in 2023 from Import and Export Trade Statistics Database of the General Administration of the Ministry of Finance; the number of Lead Frames exported by JIH LIN TECHNOLOGY CO., LTD Taiwan's parent company was 6,077,786 thousand pieces and the export amount was NTD1,581,706 thousand in 2023 with the percentage 14.88% and 16.81% to the total domestic export of Lead Frame respectively, which shows that the Company holds a small portion of the export market.

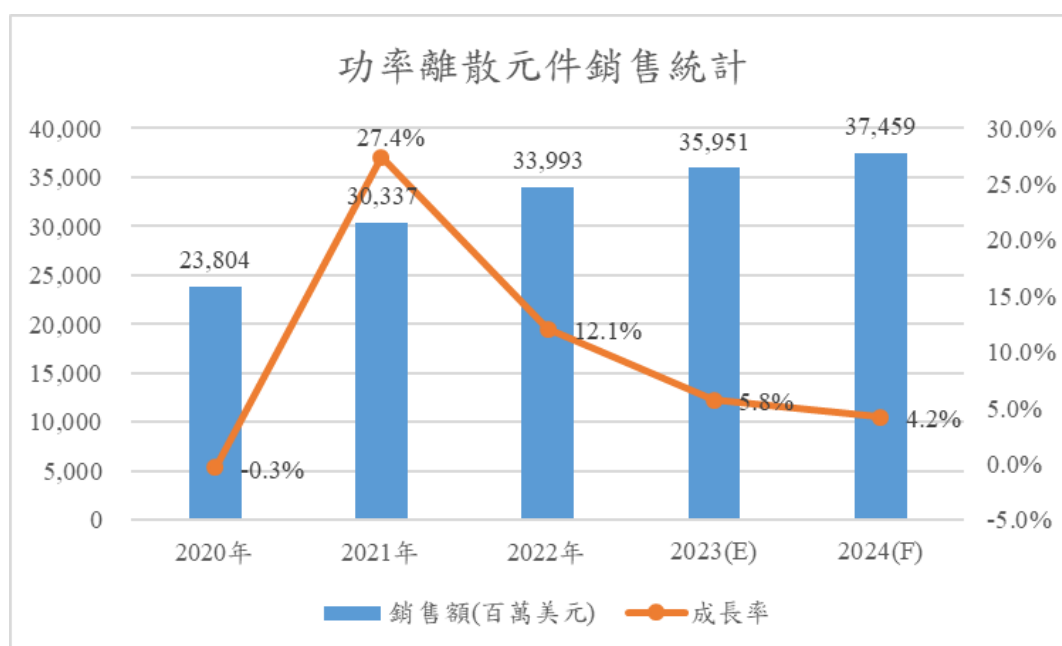
In addition, revenue of the Company was 5% of the global Lead Frame market and ranking seventh in the world.



Data source: TechSearch International, Inc 「Global Semiconductor Packing Materials Outlook」, (2020/7)

C. The future supply and demand and market growth

Power Lead Frames, the Company's product, are mainly used on discrete device, and based on the estimation of WSTS statistic data, the market size of power discrete device reached USD23.8 billion in 2020, which was affected by trade war between USA and Mainland China and Covid epidemic. The market size grew to USD30.3 billion with a growth rate of 27.40% in 2021 due to the strong growth of PC and terminal market demand. Despite the global economic recession since 2022, the overall scale of power discrete components has continued to grow steadily, driven by demand for electric vehicles. It is projected to reach USD37.5 billion by 2024."



At present, developing and developed countries in the world are fully introducing and constructing renewable energy and new energy vehicle industries. It is estimated that there will be long-term positive benefits for power packaging Lead Frames.

D. Competitive Advantage

The Company is a professional Lead Frame manufacturer, and its main customers include international IDM (Integrated Device Manufacturer Integrated Component Manufacturer) manufacturers and large packaging factories. Because the Company joins the design process and develop the tools with customers in the early stage of product development, which is customized product, customer's loyalty is high. The Company has continuously invested in research on tools development and product process, purchased new equipment, optimized production process, developed new tools and deepened the level of vertical integration, while at the same time introducing automated inspection equipment to make the product quality highly competitive, thereby enhancing the Company's competitiveness in the Lead Frame market. The Company's competitiveness is analyzed as follows:

(a) To cultivate R&D capabilities and make good use of rich technical experience.

The Company's management team, relying on years of industrial experience, profound technological innovation and strength in new product development, has successively invested in the development of high precision stamping parts processing machine. The Company and its subsidiaries combine their tool technology to shorten the development time of new tools, and continue to develop products that can be effectively applied to

varieties Discrete Lead Frame and Modular Lead Frame, and has successfully entered the Japanese high-class automotive semiconductor market, enabling effective cooperation with major semiconductor component manufacturers. The Company is more active in arranging the development of energy-saving modular product in face of the development trend in environmental protection sustainability and energy conservation.

- (b) To have close cooperation with international customers and high customer loyalty.

With excellent product quality, accurate delivery, professional research, development capabilities, and full after-sales service, the Company has established a close cooperative relationship with customers over the years, accumulating a deep customer base, including customers from Europe, the United States, Japan and semiconductor factories in Greater China. Because the major customers have market leadership positions in individual products, the Company can receive market information through customers, directly conduct R&D discussion and support with international well-known enterprises, and can further understand the future market development trends and directions. The range of the Company's customer has extended from Taiwanese customers and European and American customers to Japanese customers, gradually expanding the market scale.

- (c) Consistent production operations, effective control of quality, delivery, cost and after-sales service, to improve the overall competitiveness.

The Company's tool development, tool manufacturing, stamping, plating process and other parts are all independently developed, and each process can be completed in the factory. The Company's consistent process can fully control the cost and shorten the delivery time, making the Company competitive in price. At the same time, the Company has a great variety of electroplating processing and manufacturing process capabilities, which makes the Company extremely flexible in production to meet the needs of product customization. In order to improve the quality management system, obtaining ISO-9001 and ISO-14001 certification and IATF16949 automotive quality assurance certification system to strengthen the control of production quality will help the Company's competitive advantage in the industry.

- (d) Our operation sites are located in Taiwan, China, Japan, and Malaysia, meeting the current demand for diversified supply chain setup.

Our operation sites include Taiwan and China in the Greater China region, Japan in Northeast Asia, and Malaysia in Southeast Asia. This allows us to supply customers nearby and play a role in forming a qualified supply chain network at each site. This helps reduce the risk of stockouts due to public health or transportation crises in the future, enhances supply chain resilience, and fulfills the role of a diversified supply chain.

E. Advantages, Disadvantages and Countermeasures

(a) Advantages

a. Diversification of product application, and expanding of market demand.

Lead frames are applied widely, mainly in consumption, automotive, industry, and network communications, etc. Among the various applications of semiconductors, the largest one is consumption, followed by automotive and industry.

Being one of the key components in electric vehicles, power components are critical to the overall performance of alternative fuel vehicles and industrial production machines such as its material, using in the terminal control, and the integration of electric drive systems. With governments developing energy saving and carbon emission reduction around the world, automobiles are one of the main sources of carbon dioxide emissions in cities. Governments around the world are encouraging people to buy alternative fuel vehicles or forcing car manufacturers to reduce fuel vehicle production, thereby driving the development of automotive power components.

The Company has been deeply involved in the field of power semiconductors for many years, and our subsidiaries have rich experience in the production and manufacturing of Power Discrete Lead Frame. The Company has become one of the world's top three power semiconductor lead frame suppliers, laying the foundation for future business expansion and will be conducive to the acquisition of new customers.

b. Having consistent operation process and vertical integration capabilities, with cost and quality advantages.

The core competitiveness of Lead Frame manufacturers lies in the precision of tooling and the speed of tooling fabrication, which are important keys to smooth production. Since its establishment, the Company has spared no effort in the development and manufacture of various tools and the improvement of precision, strictly controlled the tooling fabrication speed and passed the certification. In addition to the development of Lead Frame production technology, the Company also has the ability to develop high-precision, high-quality tooling and automated equipment, and develop fully automated production equipment to integrate stamping, inline checking, plating, cleaning and packaging and other production processes. The Company strictly control the detail of the process to reduce production costs, improve product quality, efficiency and stability, and help improve customer loyalty and enhance its competitiveness.

(b) Unfavorable Factors and Countermeasures

a. The cost of materials is not easy to control due to the variable price of raw materials.

The main raw materials of the Company's and subsidiaries' products are copper, iron-nickel alloys, iron and other metal and chemicals used in plating, etc. The production costs are also closely related to the price variation of raw materials. Copper is the main material, and its price changes have the most obvious impact on the Company's profitability. In recent years, it is difficult to control production costs because of the violent fluctuation of international raw material prices. Therefore, fluctuations in raw material prices will affect the cost control ability of the Company and its subsidiaries.

Countermeasure :

The Company and its subsidiaries actively maintain close interaction with a number of upstream manufacturers and pay attention to changes in raw material prices to ensure the stability of material supply and the risk of decentralized supplier concentration, and maintain a good communication channel with customers to appropriately reflect the cost up caused by the price increase in raw materials. In addition, the Company has also continued to invest in research and development, using various materials or composite materials as the stamping material, reducing the ratio of material using rely on a single metal material, and actively establishing a vertically integrated production process for products, and promoting the alternative material certification. In addition to increasing the added value of products, it may deepen its own process capabilities and reduce its dependence on upstream raw materials.

b. Several stamping manufacturers in domestic country and foreign country , and the competition in product market is fierce.

The quality of the Lead Frame depends on the precision of the tooling. Through the tooling production, the quality can be stabilized and mass production can be carried out quickly. In recent years, price competition has become fierce due to the rise of mold-related manufacturing industry in China, putting pressure on domestic manufacturers.

Countermeasure :

Since stamping and plating are the main processes in the Lead Frame manufacturing process, the quality of Lead Frame also depends on the stability of the machine and equipment, the precision and speed of tooling fabrication, the yield of the plating

process, and the technology and experience of producer etc. In addition to purchasing high-precision machinery and equipment from abroad, the Company has fully introduced automatic washing machine and AOI equipment, and also assembled related equipment by ourself, and continued to improve production processes and technology upgrades to increase the proportion of automated production. At the same time, we enhance the vertical integration of the process and set up plating lines and degreasing line by ourself, so as to deepen the consistency of production in the factory. In addition, the Company and its subsidiaries focus on profitable products to increase the production proportion, and obtain the certification and trust from international manufacturers with excellent quality that is superior to the competitors. In this way, the Company can gain access to high-power component market, automotive supply chain and IPM market with high growth potential in the future.

- c. Purchases and sales are mostly denominated in foreign currencies, and profits are easily affected by exchange rate movement.

Since more than 80% of the products of the Company and its subsidiaries are exported to overseas markets, we have actively developed international customers over the years, and the group's overall transactions in foreign currency have become increasingly important. Export orders are mostly quoted in US dollars depending on the customer. Therefore, exchange rate fluctuations have an obvious impact on the Company's revenue and profit.

Countermeasure :

The import of the main raw material copper of the Company and its subsidiaries is also denominated in US dollars, which can naturally offset the exchange rate risk of part of the sales. At the same time, the Company also try its best to use sales revenue in the same currency to pay for various purchase expenses, so as to achieve the effect of automatic risk avoidance. In addition, for the risk of exchange rate movement, the financial department should pay close attention to the international financial situation and grasp the information of latest exchange rate movement, and asks consulting services from the banks in order to grasp the exchange rate trend effectively. On the other hand, the sales department considers exchange rate movement when quoting, and adjusts the price by measuring exchange rate fluctuations to appropriately reflect the exchange rate movement and ensure product profits.

(2) Main applications and production process of key products

A. Main application of key products

Main Product	Important usage
TO Lead Frame	It is used for Power Transistors package of different power level, and is often used in automobiles, home appliances, and industrial machines.
Other Discrete Component	In the packaging process, it is used to carry the chip, turn on the circuit, connect with the PCB, and achieve the effect of heat dissipation and sensing through its metal material. The final products include Diodes, Rectifiers, Miniature Transistors and Opto etc.
Modular Lead Frame	The systematic design of module products usually includes a Computing Controller, a Driver IC and several MOSFETs or IGBT chips, and it is designed in a modular manner with advanced manufacturing and packaging technology, which can achieve the advantages of saving space, helping to reduce costs and improving reliability, and is mainly used for white inverter home appliances and alternative fuel vehicle.
Others (Include Lead Frame tooling and automated equipment)	The Tooling developed for different types of Lead Frame. Automated equipment developed for the customer's production process requiring, such as automatic stacker, automatic bending machine, etc.

B. Main production process of major products

(a) Lead Frame production process

Tooling Design and fabrication→Tooling assembly→Raw material→Stamping
→Plating→VQC→Warehousing

(b) Semiconductor sealing Tooling making process

Tooling Design and fabrication→Tooling assembly→Raw material→Tooling trial →Customer acceptance

(c) Automated equipment making process

Equipment design and fabrication→Equipment assembly→Raw material→Equipment trial→Customer acceptance

(3) Supply of major raw materials

Finish goods	Major raw material	Main Source	Supply
Lead Frame	Copper(Single-gauge 、Dual-gauge)	Korea, Japan, Taiwan, Europe, China	steady
	Iron	Japan, Taiwan, China	steady
	Nickel bead, silver cyanide, Silver potassium cyanide	Taiwan, China	steady

The main raw material of Lead Frame is copper (including single-gauge material and dual-gauge material), iron and plating chemicals, etc. In order to ensure quality stability, price competitiveness and to avoid material shortages, the Company maintains a good interactive relationship with suppliers.

(4) Suppliers/Customers accounting for more than 10% of the Company's total purchase/ revenue in any of the recent two years, the purchase/ revenue amounts and proportions, and the reasons of increase or decrease.

A. Suppliers accounting for more than 10% of the Company's total purchase in any of the last two years, the purchase amounts and proportions, and the reasons of increase or decrease.

(In Thousands of New Taiwan Dollars ; %)

Year	2023				2022			
Item	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company
1	Supplier A	886,554	29.83%	None	Supplier A	1,224,107	28.17%	None
2	Supplier D	481,543	16.20%	None	Supplier B	633,720	14.59%	None
3	Others	1,603,959	53.97%	—	Supplier C	440,584	10.14%	None
4	—	—	—	—	Others	2,046,354	47.10%	—
	Total	2,972,056	100.00%	—	Total	4,344,765	100.00%	—

Note : List the names of suppliers who account for more than 10% of the total purchases in the recent two years, as well as the purchase amount and proportion. However, due to the contractual agreement that it is not allowed to disclose the name of the supplier or the trade counterpart who is individual and non-related person, the code name may be used.

Variance Analysis :

The Group's main purchase items are copper materials, iron materials and other metal materials. In addition to the purchase amount of purchasing from the suppliers A, B, C and D over 10% of the total purchases in 2023 and 2022, the Company has continued to increase the purchase quantity of other suppliers for purchasing concentration improvement. The purchase amount of purchasing from other rest companies do not exceed 10% of the total purchases, and the source is still stable.

- B. Customers accounting for more than 10% of the Company's total sales in any of the last two years, the revenue amounts and proportions, and the reasons of increase or decrease :
None.

Variance Analysis : None.

(5) Production in 2023 and 2022

Unit : L/F:KPCS In Thousands of New Taiwan Dollars

Quantity Product	Year	2023			2022		
		Capacity	Output	Amount	Capacity	Output	Amount
TO Leadframe		8,419,603	3,448,535	1,431,437	13,009,829	4,206,999	1,696,472
Other Discrete components		92,186,103	25,119,565	1,552,427	87,303,815	36,901,465	2,104,045
Module		1,574,713	258,433	595,666	1,348,667	358,238	694,690
Others		Remark	Remark	1,497,700	Remark	Remark	1,449,444
Total		102,180,419	28,826,533	5,077,230	101,662,311	41,466,702	5,944,651

Remark : Others include tools and parts, and their measurement units and specifications are different from each other.

(6) Shipments and sales in 2022 and 2023

Unit : L/F:KPCS In Thousands of New Taiwan Dollars

Production Quantity Product	Year	2023				2022			
		Domestic		Overseas		Domestic		Overseas	
		Shipment	Sales	Shipment	Sales	Shipment	Sales	Shipment	Sales
TO Leadframe		121,704	27,896	5,592,801	1,642,329	77,605	43,660	4,462,608	1,909,259
Other Discrete components		5,197,482	191,701	15,894,714	1,070,690	7,630,768	274,306	21,578,664	1,402,201
Module		—	—	239,427	648,198	—	—	291,769	680,583
Others		Remark	320,528	Remark	1,230,210	Remark	195,640	Remark	1,768,751
Total		—	540,125	—	4,591,427	—	513,606	—	5,760,794

Remark : Others include tools and parts, and their measurement units and specifications are different from each other.

3. Human Resources in the Past Two Fiscal Years and as of the Date of this Annual Report (No. of Employees, Average Year of Service and Age, and Education)

Year		2022	2023	End of March 2024
No. of Employees	Direct	832	775	764
	Indirect	363	364	359
	Total	1,195	1,139	1,123
Average Age		38.26	39.08	39.34
Average Year of Service		7.51	8.24	8.62
Average Year of Service	Doctor's Degree.	0.00%	0.00%	0.00%
	Master's Degree	1.51%	1.67%	1.69%
	Bachelor's Degree	27.87%	29.76%	29.65%
	Senior High School	54.39%	54.17%	54.14%
	Below Senior High School	16.23%	14.40%	14.52%

Remark : Information for the year ending on the print date of the annual report should be filled in.

4. Expenditure Related to Environmental Protection

- (1) In the most recent year and by the print date of the annual report, the losses suffered due to pollution of the environment (including compensation and environmental protection audit results of violations of environmental laws and regulations, the date of the penalty, Penalty reference number, the provisions of the violation, the description of the violation, and the details of violation shall be listed) : None.
- (2) Estimated amount happened at the present time and in the future, and the reaction :

In response to global climate change and the requirements of governments and customers both domestically and internationally for carbon neutrality and renewable energy, the Company is committed to fulfilling corporate social responsibility and maintaining sustainable development. Following the spirit of continuous improvement in the ISO 14001 environmental management system, we review and improve the waste and emissions generated during the production process of our products.

The Company actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving designs, establishes environmental management objectives and strategies, strives to reduce the use of energy and water resources, reduce energy consumption by the company and its products, and takes appropriate measures to prevent or mitigate potential environmental impacts.

5. Employment Relations

(1) Employees' welfare, education, training and pension, employee relations and protection of employees' rights

A. Employee welfare measure and implementation

In order to enable employees to work with peace of mind and live without worries, the Company has established a Labor Retirement Reserve Supervision Committee, which is responsible for supervising the allocation and use of retirement reserves, and has set up an Employee Welfare Committee to handle the planning of employee welfare and the management of welfare income and expenditure for the whole year. The Company's welfare measures are listed below :

- (a) Employees have annual leave and pensions in accordance with the law, establish employee welfare committees, coordinate welfare activities, and protect labor rights and interests.
- (b) Employees are provided with work clothes, coats and uniforms free of charge.
- (c) Employees participate in labor insurance and national health insurance in accordance with the law.
- (d) The Company holds employee check-ups for employees and specialized personnel regularly.
- (e) The welfare committee plans to organize activities such as employee tours, family days, and movie screenings.
- (f) In the event of marriages, funerals or celebrations, employees are given leaves in accordance with the Labor Standards Act, and can enjoy subsidy of welfare funds.
- (g) The Company issues bonuses on New Year's Day; employees can receive vouchers on Dragon Boat Festival, Mid-Autumn Festival, Labor Day, and birthdays.
- (h) The company provides parking spaces for cars and motorcycles, a nursing room, a refrigerator exclusively for pregnant women, official vehicles, and public bikes etc.

B. Employee education and training

In order to improve the professional and technical ability of employees, strengthen work efficiency and pay attention to product quality, education and training are carried out according to the annual education and training plan. Internal training and external training are carried out at the same time to strengthen the professional ability of employees of various functions. The various trainings of the Company are listed below :

- (a) New recruits training : Provide courses about the Company's business items, work rules, employee benefits, reward and punishment regulations, etc., so that new recruits have a basic understanding of the Company.

- (b) Pre-employment training : According to Article 16 of Occupational Safety and Health Education and Training Rules, when employees change jobs, they must receive labor safety and health education and training.
- (c) Employees training : Cultivate the professional skills, knowledge and management ability of colleagues in work.
- (d) Professional functional training : Send colleagues to relevant institutions for training as needed, so that colleagues can obtain professional inspection certification.

C. Retirement system and its implementation

The employee retirement method stipulated by the Company and its domestic subsidiaries in accordance with the "Labor Pension Regulations" is a definite provision plan. Pursuant to the regulations, the monthly labor pension contribution rate borne by the Company and its domestic subsidiaries shall not be lower than 6% of the employee's monthly salary. The Company and its domestic subsidiaries have already set aside 6% of the employee's salary to the individual pension account of the Bureau of Labor Insurance in accordance with the employee retirement regulations stipulated in the Act.

Subsidiaries in mainland China shall, in accordance with the regulations of the local government, appropriate a certain percentage of the employees' total salary for endowment insurance, pay them to the relevant government departments, and save them in a separate account for each employee.

Other overseas subsidiaries of the Group appropriate pension funds to relevant pension management businesses in accordance with local laws and regulations.

The expenses recognized by the Company and its domestic subsidiaries in 2023 and 2022 were NTD8,529 thousand and NTD8,313 thousand respectively.

The employee pension scheme stipulated by the Company and its domestic subsidiaries in accordance with the "Labor Standards Act" is a defined benefit plan. The payment of employee pension is calculated based on the base of service years and the average monthly salary at the time of retirement. Two bases will be given for one year of service within 15 years (inclusive), and one base will be given for each full year of service for more than 15 years, but the accumulation of bases is limited to a maximum of 45 bases. The Company and its domestic subsidiaries allocate 2% of the total salary to the pension fund on a monthly basis in accordance with the Labor Standards Act, and deposit it in a special account in the Bank of Taiwan in the name of the Labor Retirement Reserve Supervision Committee. In addition, before the end of each year, the Company and its domestic subsidiaries estimate the balance of the aforementioned special account for labor retirement reserves. If the balance is not enough to pay the pension amount calculated by the aforesaid for workers who are estimated to meet the retirement conditions in the next year, the difference will be allocated before the end of March of the following year.

Assets are allocated by the Ministry of Labor in accordance with the methods for the custody and utilization of the income and expenditure of the labor pension fund. The

investment of the fund is carried out in the form of self-management and entrusted management, and both active and passive management are adopted for medium- and long-term investment strategies.

Taking into account market, credit, liquidity and other risks, the Ministry of Labor has set the fund risk limit and control plan, so that there is sufficient flexibility to achieve the target return without excessive risk taking. For the use of the fund, the minimum income for annual final settlement and distribution shall not be lower than the income calculated on the basis of the two-year fixed deposit of the local bank. If there is any shortage, it will be supplemented by the national treasury with the approval of the competent authority. Since the Company has no right to participate in the operation and management of the fund, it cannot disclose the classification of the fair value of the project assets in accordance with paragraph 142 of IAS 19. As of December 31, 2023, the Company's defined benefit plan is expected to allocate NTD167 thousand in the next year.

As of December 31, 2023 and December 31, 2022, the weighted average duration of the Company's defined benefit obligations was 17 years and 16 years respectively.

D. Employment relations and employee welfare

The Company regularly holds labor-management meetings on a quarterly basis to maintain a two-way communication channel. The relationship between labor and management has always been harmonious and sound, and there has been no major labor-management disputes. Therefore, up to now, no request for collective bargaining agreement has been submitted to the company, and thus, no collective bargaining agreement has been signed. In addition to formulating work rules according to laws and regulations to clearly regulate various working conditions and protect the rights and interests of employees, the Company has also established Labor-Management Conferences, Employee Welfare Committees, etc. according to laws and regulations. All rights and interests of employees can be treated fairly and reasonably through the above channels.

- (2) In the last two years and as of the date of the annual report, losses suffered by the Company due to labor disputes (including the violation of the Labor Standards Act by the labor inspection results, the date of punishment, the name of the punishment, the violation of laws and regulations, the content of laws and regulations, and the content of punishment) shall be listed, and the Company shall disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained:

The Company had no major labor disputes and losses in the last two years and as of the date of the annual report. In the future, the Company continues to actively promote and implement various employee welfare measures. It is expected that there will be no occurrence of labor disputes resulting in losses.

(3) Safety measures at work place and for employees' personal safety:

Category	Details
ISO 45001 Occupational health and safety management systems	The Company has obtained ISO 45001 occupational health and safety management system certification, complies with environmental protection and safety and health related laws and other requirements, and provides a healthy and safe working environment.
Access Security	1. Stringent surveillance on all exterior and major interior entrances and exits using security camera or access security system 24 hours a day. 2. Security guards are situated in factories to assist with securing the premises. 3. Security systems with on-line connection to the security firm.
Equipment Safety & Maintenance	1. Annual public safety inspection by specialized company in accordance with the Regulations for Inspecting and Reporting Buildings Public Security. 2. In accordance with the Fire Services Act, annual fire safety inspection shall be conducted by external parties. Periodic maintenance and inspection of fire safety equipment shall be performed. 3. Pursuant to the Regulations for Management of Occupational Safety and Health, weekly maintenance and inspection on each device shall be performed.
Physiological Hygiene	1. Health Check : All new recruits undergo physical examinations before they enter the workplace. For incumbents, they undergo annual examinations according to regulations and frequencies. For all examination results, there are dedicated personnel to conduct relevant health management operations. 2. Working environment : The Company disinfects the environment of the factory area and has drinking water testing every quarter, and also has special personnel to maintain the environment.
Insurance	The Company handles labor insurance and national health insurance matters for employees in compliance with relevant regulations. Pursuant to the Labor Insurance Act and Enforcement Rules of the Labor Insurance Act issued by the Ministry of Labor, the Company assists employees in apply for insurance benefit payments from the Bureau of Labor in instances of child birth, injury, illness, disability, seniority and death.
Education Training	1. Publicize the rules of occupational safety and health facilities every month, including how to use fire extinguishers, 6S regulations on plant safety and hygiene, electricity usage and operation safety regulations, etc. 2. Hold machine safety operation education and training every quarter. 3. Hold labor safety education and training every six months. 4. Hold health lectures every year.

6. Cyber Security Management

(1) Cyber risk management

A. Structure

The Company's information department coordinates and implements cyber security-related specifications, equipment and software construction, and conducts cyber security publicity. At the same time, it cooperates with internal audits to conduct employee cyber security activities inspections to enhance employees' awareness of cyber security and strengthen the confidentiality and integrity of information assets.

B. Cyber security policy

- **Institutional norms**

The Company has formulated relevant cyber security norms and operating systems to regulate the cyber security operations of the Company's personnel, while at the same time strengthening the operating management of confidential information through internal audit, accounting information and IATF external audit operation.

- **Technology use**

In order to prevent various external cyber security threats, the Company adopts a multi-layer protection structure design. The Company builds an cyber security protection system for the host and computer to improve the information security for enhancing the security and reliability of the cybersecurity environment.

- **Personnel education and training**

Conduct education and training on cyber security and regulations to enhance employees' awareness of cyber security.

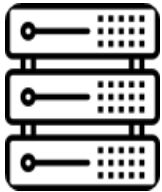
C. Management plans

PC Equipment Control



- Restriction of accessing company resources on the USB and other portable storage devices.
- To perform data wiping on PC's storage devices when this equipment is written off.
- Each PC is assigned to one individual, ensuring effective tracking of equipment movement.

Domain Control



- File access rights control, regulating personnel access to file server permissions.
- Users are required to regularly update their passwords to strengthen account security.
- Mobile device access to resources requires a zero-trust mechanism to ensure information security.
- Integration of authentication information from various systems in the environment.

Emergency Response Plan and Recovery Mechanism



- Regular review of backup records.
- Regular review of emergency response and execution of emergency response drills.
- Regular drills for system recovery.

Establishment of Cybersecurity Regulations and Audits



- Irregular cybersecurity awareness campaigns-Personnel must undergo cybersecurity awareness and education training.
- Engagement of external cybersecurity consultants-Signing system maintenance contracts with system vendors.
- Regular external audits-Information technology audits by accountants and external audits by IATF.
- Periodic internal audits.

D. Resources allocated to cyber security management

- (a) The system and computer equipment are installed with firewalls and anti-virus software, and regularly perform anti-virus or version updates.
- (b) Set a remote backup server for data archiving.
- (c) Sign a maintenance contract with an external information service company for the storage and system server to confirm the effectiveness of cyber security.
- (d) The IT department staff will arrange external training courses on information security technology as needed and periodically conduct information security awareness campaigns for company employees.

(2) As of the most recent year and up to the date of the annual report's publication, there have losses incurred, potential impacts identified, or response measures implemented due to significant information security incidents : None.

7. Material Contracts

Nature	Counterparty	Duration	Description	Covenant
Land Lease	Export Processing	2013.08.01~2023.07.31	Leasing land in Nanzi Processing	None
	Zone Administration	2023.08.01~2033.07.31	Export Zone for use as the First Factory	
Land Lease	Export Processing Zone Administration	2016.12.01~2026.11.30	Leasing land in Nanzi Processing Export Zone for use as the Second Factory	None
Land Lease	Export Processing Zone Administration	2014.08.16~2024.08.15	Leasing land in Nanzi Processing Export Zone for use as Headquarters	None
Land Lease	Export Processing Zone Administration	2018.08.01~2028.07.31	Leasing land in Nanzi Processing Export Zone for use as the Third Factory	None
Land Lease	Export Processing Zone Administration	2019.01.01~2028.12.31	Leasing land in Nanzi Processing Export Zone for use as Factory F	None
Plant Lease	Jihhong Technology Co., Ltd.	2020.04.01~2024.12.31	Leasing the factory building in Alian District, Kaohsiung City to be used as Jih-li Technology Alian Factory	None
Plant Lease	Vishay General Semiconductor Taiwan Ltd.	2018.12.01~2028.11.30	Leasing the building at No. 40, Zhongyang Road, Nanzi Processing Export Zone for rental to Vishay General Semiconductor Taiwan Ltd.	None

VI. Financial Highlights

1. Condensed Balance Sheet and Statement of Comprehensive Income from 2019 to 2023 with Names and Opinions of Independent Auditors

(1) Balance Sheet

A. Individual Condensed Balance Sheet

(In Thousands of New Taiwan Dollars)

Year Item		Highlights from 2019 to 2023 (Note1)				
		2019	2020	2021	2022	2023
Current Assets		1,495,523	1,685,908	1,628,011	1,337,181	1,190,755
Property, Plant and Equipment		755,684	740,638	717,542	671,421	629,437
Intangible Assets		717	650	1,182	1,449	1,634
Other Assets (Note2)		2,237,535	2,421,193	2,712,808	3,039,964	3,039,710
Total Assets		4,489,459	4,848,389	5,059,543	5,050,015	4,861,536
Current Liabilities	Before Distribution	686,639	926,726	420,251	541,313	650,597
	After Distribution	918,099	1,161,949	828,415	898,456	(Note3)
Non-Current Liabilities		1,362,520	1,570,373	1,562,354	1,392,805	1,341,653
Total Liabilities	Before Distribution	2,049,159	2,497,099	1,982,605	1,934,118	1,992,250
	After Distribution	2,280,619	2,732,322	2,390,769	2,291,261	(Note3)
Equity Attribute to Owners of the Parent		2,440,300	2,351,290	3,076,938	3,115,898	2,869,286
Capital		940,893	940,893	1,020,409	1,020,409	1,020,409
Capital Surplus		878,026	721,838	1,076,940	872,858	668,776
Retained Earnings	Before Distribution	715,380	769,605	1,142,668	1,356,596	1,380,466
	After Distribution	483,920	675,516	938,586	1,203,535	(Note3)
Other Equity		(93,999)	(81,046)	(163,079)	(133,965)	(200,365)
Treasury Shares		—	—	—	—	—
Non-Controlling Interests		—	—	—	—	—
Total Equity	Before Distribution	2,440,300	2,351,290	3,076,938	3,115,898	2,869,286
	After Distribution	2,208,840	2,116,067	2,668,774	2,758,755	(Note3)

Note1 : The financial information from 2019 to 2023 has been verified by accountants.

Note2 : Other Assets are non-current assets excluding Property, Plant and Equipment, and Intangible Assets.

Note3 : The 2023 earnings distribution proposal has been approved by the Board of Directors, but has not been approved by the shareholders' meeting.

Note4 : As of the date of this annual report, CPA-audited or reviewed financial information of the latest period is not available; therefore, it is not disclosed.

B. Consolidated Condensed Balance Sheet

(In Thousands of New Taiwan Dollars)

Year Item		Highlights from 2019 to 2023 (Note1)				
		2019	2020	2021	2022	2023
Current Assets		2,988,115	3,454,492	3,711,969	3,670,926	3,435,605
Property, Plant and Equipment		1,496,636	1,469,463	1,481,822	1,469,823	1,356,849
Intangible Assets		5,862	4,567	3,350	2,455	2,558
Other Assets (Note2)		564,677	457,260	409,269	388,602	378,446
Total Assets		5,055,290	5,385,782	5,606,137	5,531,806	5,173,458
Current	Before Distribution	1,132,115	1,432,704	937,448	999,849	944,856
Liabilities	After Distribution	1,363,575	1,667,927	1,345,612	1,356,992	(Note3)
Non-Current Liabilities		1,482,875	1,601,788	1,591,751	1,416,059	1,359,316
Total	Before Distribution	2,614,990	3,034,492	2,529,199	2,415,908	2,304,172
Liabilities	After Distribution	2,846,450	3,269,715	2,937,363	2,773,051	(Note3)
Equity Attribute to Owners of the Parent		2,440,300	2,351,290	3,076,938	3,115,898	2,869,286
Capital		940,893	940,893	1,020,409	1,020,409	1,020,409
Capital Surplus		878,026	721,838	1,076,940	872,858	668,776
Retained	Before Distribution	715,380	769,605	1,142,668	1,356,596	1,380,466
Earnings	After Distribution	483,920	675,516	938,586	1,203,535	(Note3)
Other Equity		(93,999)	(81,046)	(163,079)	(133,965)	(200,365)
Treasury Shares		—	—	—	—	—
Non-Controlling Interests		—	—	—	—	—
Total	Before Distribution	2,440,300	2,351,290	3,076,938	3,115,898	2,869,286
Equity	After Distribution	2,208,840	2,116,067	2,668,774	2,758,775	(Note3)

Note1 : The financial information from 2019 to 2023 has been verified by accountants.

Note2 : Other Assets are non-current assets excluding Property, Plant and Equipment, and Intangible Assets.

Note3 : The 2023 earnings distribution proposal has been approved by the Board of Directors, but has not been approved by the shareholders' meeting.

Note4 : As of the date of this annual report, CPA-audited or reviewed financial information of the latest period is not available; therefore, it is not disclosed.

(2) Income Statement

A. Individual Condensed Income Statement

(In Thousands of New Taiwan Dollars)

Year Item	Highlights from 2019 to 2023 (Note1)				
	2019	2020	2021	2022	2023
Net Revenue	2,038,642	2,047,306	2,702,615	2,621,367	2,115,459
Gross Profit	137,376	125,712	275,815	289,273	156,365
Operating Income	(13,441)	(22,845)	112,782	123,211	(5,119)
Non-Operating Income and Expenses	239,440	144,062	375,655	330,482	233,697
Net Income before Income Tax	225,999	121,217	488,437	453,693	228,578
Net Income of Continuing Operations	218,215	129,038	468,655	416,726	178,637
Loss from Discontinued Operations	—	—	—	—	—
Net Income (Loss)	218,215	129,038	468,655	416,726	178,637
Other Comprehensive Income (Net after Tax)	(50,212)	13,412	(83,536)	30,398	(68,106)
Total Comprehensive Income	168,003	142,450	385,119	447,124	110,531
Net Income Attribute to Owners of the Parent	218,215	129,038	468,655	416,726	178,637
Net Income Attribute to Non-Controlling Interests	—	—	—	—	—
Total Comprehensive Income Attribute to Owners of the Parent	168,003	142,450	385,119	447,124	110,531
Total Comprehensive Income Attribute to Non-Controlling Interests	—	—	—	—	—
Earnings per Share	2.46	1.37	4.82	4.08	1.75

Note1 : The financial information from 2019 to 2023 has been verified by accountants.

Note2 : As of the date of this annual report, CPA-audited or reviewed financial information of the latest period is not available; therefore, it is not disclosed.

B. Consolidated Condensed Income Statement

(In Thousands of New Taiwan Dollars)

Year Item	Highlights from 2019 to 2023 (Note1)				
	2019	2020	2021	2022	2023
Net Revenue	4,458,146	4,347,192	6,331,893	6,274,400	5,131,552
Gross Profit	708,647	626,020	1,119,691	951,134	717,171
Operating Income	264,830	225,568	616,231	442,454	225,818
Non-Operating Income and Expenses	(24,070)	(59,645)	(15,183)	85,432	50,044
Net Income before Income Tax	240,760	165,923	601,048	527,886	275,862
Net Income of Continuing Operations	218,215	129,038	468,655	416,726	178,637
Loss from Discontinued Operations	—	—	—	—	—
Net Income (Loss)	218,215	129,038	468,655	416,726	178,637
Other Comprehensive Income (Net after Tax)	(50,212)	13,412	(83,536)	30,398	(68,106)
Total Comprehensive Income	168,003	142,450	385,119	447,124	110,531
Net Income Attribute to Owners of the Parent	218,215	129,038	468,655	416,726	178,637
Net Income Attribute to Non-Controlling Interests	—	—	—	—	—
Total Comprehensive Income Attribute to Owners of the Parent	168,003	142,450	385,119	447,124	110,531
Total Comprehensive Income Attribute to Non-Controlling Interests	—	—	—	—	—
Earnings per Share	2.46	1.37	4.82	4.08	1.75

Note1 : The financial information from 2019 to 2023 has been verified by accountants.

Note2 : As of the date of this annual report, CPA-audited or reviewed financial information of the latest period is not available; therefore, it is not disclosed.

(3) Names and opinions of independent auditors from 2019 to 2023

Year	CPA Firm	CPAs	Audit Opinion	Remark
2019	Ernst & Young	Fang-Wen Lee, Wan-Ru Chiu	An Unqualified Opinion	—
2020	Ernst & Young	Fang-Wen Lee, Wan-Ru Chiu	An Unqualified Opinion	—
2021	Ernst & Young	Wan-Ru Chiu, Chih-Chung Chen	An Unqualified Opinion	Change of accountant due to administrative adjustment within the accounting firm
2022	Ernst & Young	Wan-Ru Chiu, Chih-Chung Chen	An Unqualified Opinion	—
2023	Ernst & Young	Cheng-Chu Chen, Kuo-Sen Hung	An Unqualified Opinion	Change of accountant due to administrative adjustment within the accounting firm

2. Financial Analysis from 2019 to 2023

(1) Financial analysis of the Parent Company from 2019 to 2023

Year Item		Financial Analysis from 2019 to 2023 (Note1)				
		2019	2020	2021	2022	2023
Financial Structure %	Debt Ratio	45.64	51.50	39.19	38.30	40.98
	Long-term Fund to Property, Plant and Equipment Ratio	503.23	529.50	646.55	671.52	669.00
Liquidity Analysis %	Current Ratio	217.80	181.92	387.39	247.03	183.02
	Quick Ratio	139.99	123.76	259.01	132.37	105.39
	Times Interest Earned	9.10	6.17	21.00	17.87	8.13
Operating Performance	Average Collection Turnover (Times)	3.91	3.87	4.84	5.06	5.41
	Days Sales Outstanding	93.35	94.32	75.41	72.13	67.47
	Inventory Turnover (Times)	3.77	3.65	4.61	4.07	3.51
	Average Payment Turnover (Times)	14.97	13.98	16.19	17.49	16.70
	Average Inventory Turnover Days	96.82	100.00	79.18	89.68	103.99
	Property, Plant and Equipment Turnover (Times)	2.49	2.74	3.71	3.77	3.25
	Total Assets Turnover (Times)	0.47	0.44	0.55	0.52	0.43
Profitability	Return on Total Assets (%)	5.52	3.17	9.85	8.67	4.12
	Return on Equity (%)	9.32	5.39	17.27	13.46	5.97
	Pre-tax income to paid-in capital Ratio (%)	24.02	12.88	47.87	44.46	22.40
	Net Margin (%)	10.70	6.30	17.34	15.90	8.44
	Earnings per Share (NTD)	2.46	1.37	4.82	4.08	1.75
Cash Flow	Cash Flow Ratio (%)	0.93	9.42	30.12	53.12	57.36
	Cash Flow Adequacy Ratio (%)	32.18	18.15	15.98	36.16	46.93
	Cash Flow Reinvestment Ratio (%)	(7.97)	(3.74)	(2.34)	(2.62)	0.37
Leverage	Operating Leverage	(15.16)	(8.56)	3.20	3.05	(43.58)
	Financial Leverage	0.33	0.49	1.28	1.28	0.14

Please describe the reason of variance on financial ratio during the latest two years (Variance rate below 20% is ignored)

Liquidity Analysis :

Current Ratio、Quick Ratio、Times Interest Earned : Mainly due to the sluggish market conditions in 2023, compared to the previous year, accounts receivable and inventory decreased, leading to a decrease in current assets. The profit before tax and interest also decreased by NTD219,934 thousand compared to 2022. Additionally, the increase in market interest rates led to higher interest expenses, resulting in a decrease in all of the ratios.

Profitability :

Return on Total Assets、Return on Equity、Pre-tax income to paid-in capital Ratio、Net Margin、Earnings per Share : Mainly due to the sluggish market conditions and the decrease in foreign exchange profit resulting from the depreciation of the exchange rate in 2023, coupled with an increase in interest expenses, the after-tax net profit decreased by NTD238,089 thousand compared to 2022, leading to a decrease in all of the ratios.

Cash Flow :

Cash Flow Adequacy Ratio、Cash Flow Reinvestment Ratio : Mainly because there were profits distributed from foreign subsidiaries back to Taiwan in 2023. As a result, the net cash flow from operating activities increased by NTD85,633 thousand compared to 2022, leading to an increase in cash flow adequacy ratio and cash flow reinvestment ratio.

Leverage :

Operating Leverage、Financial Leverage : Mainly because the sluggish market conditions led to operating losses in 2023, resulting in a decrease in all of the ratios.

Remark 1 : Financial data in the period from 2019 to 2023 is verified by the accountant.

Remark 2 : As of the date of this annual report, financial information of the latest period verified or reviewed by the accountant is not available, therefore, it's not disclosed.

(2) Financial analysis of the Group from 2019 to 2023

Year Item		Financial Analysis from 2019 to 2023 (Note1)				
		2019	2020	2021	2022	2023
Financial Structure %	Debt Ratio	51.73	56.34	45.11	43.67	44.54
	Long-term Fund to Property, Plant and Equipment Ratio	262.13	269.02	315.06	308.33	275.15
Liquidity Analysis %	Current Ratio	263.94	241.12	395.94	367.15	363.61
	Quick Ratio	161.05	156.00	235.74	193.92	220.08
	Times Interest Earned	8.06	7.05	22.98	18.47	9.03
Operating Performance	Average Collection Turnover (Times)	4.37	4.28	5.46	5.39	5.24
	Days Sales Outstanding	83.52	85.28	66.85	67.72	69.66
	Inventory Turnover (Times)	3.34	3.24	3.97	3.38	2.92
	Average Payment Turnover (Times)	13.02	12.37	13.72	15.05	16.23
	Average Inventory Turnover Days	109.28	112.65	91.94	107.99	125.00
	Property, Plant and Equipment Turnover (Times)	2.83	2.93	4.29	4.25	3.41
	Total Assets Turnover (Times)	0.90	0.83	1.15	1.13	0.96
Profitability	Return on Total Assets (%)	4.94	2.89	8.93	7.92	3.85
	Return on Equity (%)	9.32	5.39	17.27	13.46	5.97
	Pre-tax income to paid-in capital Ratio (%)	25.59	17.63	58.90	51.73	27.03
	Net Margin (%)	4.89	2.97	7.40	6.64	3.48
	Earnings per Share (NTD)	2.46	1.37	4.82	4.08	1.75
Cash Flow	Cash Flow Ratio (%)	26.21	30.97	31.76	57.14	84.07
	Cash Flow Adequacy Ratio (%)	46.61	42.25	38.38	58.20	83.14
	Cash Flow Reinvestment Ratio (%)	(0.18)	4.55	1.14	2.97	8.32
Leverage	Operating Leverage	2.86	3.87	2.29	2.78	4.27
	Financial Leverage	1.15	1.14	1.05	1.07	1.18

Please describe the reason of variance on financial ratio during the latest two years (Variance rate below 20% is ignored)

Liquidity Analysis :

Times Interest Earned : Mainly due to the sluggish market conditions in 2023 and the rising costs caused by inflation, resulting in a decrease in gross profit and consequently a decrease in profit before tax and interest compared to the year 2022 by NTD247,876 thousand, leading to a decrease in times interest earned ratio.

Operating Performance :

Property, Plant and Equipment Turnover : Mainly due to the sluggish market conditions in 2023, the utilization rate slightly decreased compared to the year 2022, resulting in a decrease in the property, plant and equipment turnover rate.

Profitability :

Return on Total Assets、Return on Equity、Pre-tax income to paid-in capital Ratio、Net Margin、Earnings per Share : Mainly due to the sluggish market conditions in 2023, the decrease in foreign exchange profit due to the depreciation of the exchange rate, coupled with an increase in interest expenses, resulted in a decrease in net profit after tax by NTD238,089 thousand compared to the year 2022, leading to a decrease in all of the ratios.

Cash Flow :

Cash Flow Ratio、Cash Flow Adequacy Ratio、Cash Flow Reinvestment Ratio : Mainly due to the good accounts receivable collection leading to a decrease in accounts receivable, and effective inventory management in 2023, the net cash flow from operating activities increased by NTD223,079 thousand compared to the year 2022, leading to an increase in all of the ratios.

Leverage :

Operating Leverage : Mainly due to the impact of the sluggish market and inflation in 2023, resulting in a decrease in operating profit by NTD216,636 thousand compared to the year 2022, leading to an increase in operating leverage.

Remark 1 : Financial data in the period from 2019 to 2023 is verified by the accountant.

Remark 2 : As of the date of this annual report, financial information of the latest period verified or reviewed by the accountant is not available, therefore, it's not disclosed.

Financial Analysis is based on the following formulas:

1. Financial Structure

- (1) Debt Ratio = Total Liabilities / Total Assets
- (2) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Non-current Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Times Interest Earned = Income before Interest and Taxes / Interest Expenses

3. Operating Performance

- (1) Average Collection Turnover = Net Revenue / Average Trade Receivables (includes accounts receivable and notes receivable from operations)
- (2) Days Sales Outstanding = 365 / Average Collection Turnover
- (3) Inventory Turnover = Cost of Revenue / Average Inventory
- (4) Average Payment Turnover = Cost of Revenue / Average Trade Payables (includes accounts payable and notes payable from operations)
- (5) Average Inventory Turnover Days = 365 / Inventory Turnover
- (6) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
- (7) Total Assets Turnover = Net Revenue / Average Total Assets

4. Profitability Analysis

- (1) Return on Total Assets = (Net Income (Loss) + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
- (2) Return on Equity = Net Income (Loss) / Average Equity
- (3) Net Margin = Net Income (Loss) / Net Revenue
- (4) Earnings Per Share = (Net income attributable to Shareholders of the Parent – 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 Ratio = (Net Cash Provided by Operating Activities – Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

6. Leverage

- (1) Operating Leverage = (Net Revenue - Variable Cost) / Operating Income
- (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

3. Audit Committee's Review Report in the Most Recent Year : Please refer to page 174.
4. Audited Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 :
Please refer to page 177 to 253.
5. Audited Parent Company Only Financial Statements for the Years Ended December 31, 2023
and 2022 : Please refer to page 254 to 329.
6. Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Year and
as of the Date of this Annual Report, and Their Impact on the Company's Financial Position :
None.

VII. Review and Analysis of Financial Position and Performance and Associated Risks

1. Financial Position :

Reasons and impact of significant changes in Asset, Liability and Equity. If the impact is significant, the future action plan should be explained.

(In Thousands of New Taiwan Dollars)

Item \ Year	2023	2022	Difference	
			Increase (Decrease)	%
Current Assets	3,435,605	3,670,926	(235,321)	(6.41)
Property, Plant and Equipment	1,356,849	1,469,823	(112,974)	(7.69)
Intangible Assets	2,558	2,455	103	4.20
Other Assets	378,446	388,602	(10,156)	(2.61)
Total Assets	5,173,458	5,531,806	(358,348)	(6.48)
Current Liabilities	944,856	999,849	(54,993)	(5.50)
Non-current Liabilities	1,359,316	1,416,059	(56,743)	(4.01)
Total Liabilities	2,304,172	2,415,908	(111,736)	(4.63)
Capital	1,020,409	1,020,409	—	—
Capital Surplus	668,776	872,858	(204,082)	(23.38)
Retained Earnings	1,380,466	1,356,596	23,870	1.76
Other Equity	(200,365)	(133,965)	(66,400)	49.57
Total Equity	2,869,286	3,115,898	(246,612)	(7.91)
Significant variance (Variance of more than 20%, and the amount of variance is more than NTD10 million) :				
1. Capital Surplus : Mainly due to the effect of cash dividend paid. (NTD 2.0 per share)				
2. Other Equity : Mainly due to the exchange differences on translation of foreign operations.				

2. Financial Performance :

Reasons for significant changes in Sales Revenue, Operating Income and Net Profit before Income Tax in the last two years, the expected sales volume and their basis, the possible impact on the Company's future financial business and the action plans.

(1) Comparison and analysis of business results

(In Thousands of New Taiwan Dollars)

Item \ Year	2023	2022	Increase (Decrease)	%
Sales Revenue	5,131,552	6,274,400	(1,142,848)	(18.21)
Cost of Goods Sold	4,414,381	5,323,266	(908,885)	(17.07)
Gross Profit(Note 1)	717,171	951,134	(233,963)	(24.60)
Operating Expenses	491,353	508,680	(17,327)	(3.41)
Operating Income (Note 1)	225,818	442,454	(216,636)	(48.96)
Non-Operating Income and Expenses (Note 2)	50,044	85,432	(35,388)	(41.42)
Net Income before Income Tax from Continuing Operations (Note 1)	275,862	527,886	(252,024)	(47.74)
Income Tax Expense	97,225	111,160	(13,935)	(12.54)
Net Income after Income Tax from Continuing Operations	178,637	416,726	(238,089)	(57.13)
Other Comprehensive Income (Note 3)	(68,106)	30,398	(98,504)	(324.05)
Total Comprehensive Income	110,531	447,124	(336,583)	(75.28)
Significant variance (Variance of more than 20%, and the amount of variance is more than NTD10 million) :				
(Note 1) Analysis for items Gross Profit and Operating Income etc. : Mainly due to the sluggish market conditions in 2023, decreasing in demand and price hike, resulting in a decrease in each item.				
(Note 2) Non-operating income and expenses : Mainly due to changes in net foreign currency exchange gains and losses.				
(Note 3) Other comprehensive income : Mainly due to the recognition of exchange differences in the translation of financial statements of foreign operating institutions.				

(2) Expected sales volumn in the next year with basis, its impact on the Company's finance and business and action plans:

Due to the obvious recovery of the economic situation, the electronics industry is booming, mainly because of the demand for work from home and cloud computing derived during the epidemic, and the sales of IT products has increased significantly, while the promotion of carbon neutrality policies of each country, the rapid growth of automotive electronics, the

delay in international sea and air transportation and the epidemic have raised the stocking level of manufacturers. The Group will focus on the development of niche lead frame products and expand the development strength of new energy vehicle, industrial inverter and major appliance module lead frames.

3. Cash Flows

(1) Various analysis of cash flows in the most recent years

(In Thousands of New Taiwan Dollars)

Item	Year	2023	2022	Increase or decrease (%)
Net cash inflow from operating activities		794,351	571,272	39.05
Net cash inflows (outflows) from investing activities		(94,440)	(159,223)	(40.69)
Net cash inflows (outflows) from financing activities		(408,082)	(424,974)	(3.97)
Analysis of variance: (above 20%)				
(1) Net cash generated by operating activities:				
Mainly due to a decrease of NTD208,528 thousand in cash inflow from accounts receivable, a decrease of NTD627,624 thousand in cash inflow from inventory cash, and a decrease of NTD68,666 thousand in cash outflow from accounts payable, which resulted in net cash inflow increasing from operating activities in 2023.				
(2) Net cash generated by investing activities:				
Mainly due to the acquisition of real estate, plant, and equipment in 2023, there was a decrease of 51,998 thousand compared to the same period last year, resulting in net cash outflow decrease from investing activities.				

(2) Improvement plans for liquidity shortfall: None.

(3) Liquidity analysis for the next year

(In Thousands of New Taiwan Dollars)

Cash Balance, Beginning of Year (1)	Net Cash Inflows from Operating Activities (2)	Net Decrease Outflows in Cash (3)	Cash Balance, End of Year	Remedies for Cash Shortage	
			(1)+(2)-(3)	Investment Plans	Financing Plans
1,089,867	492,955	(534,673)	1,048,149	—	—
1. Analysis of expected cash flow changes in 2024:					
Operating activities : Net cash inflow from operating activities due to business volume.					
Investing activities : Mainly due to the purchase of equipment.					
Financing activities : Mainly due to the repayment of loans and distribution of cash dividends.					
2. Remedial measures and flow analysis of estimated cash shortfall : None.					

4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Operation :

The source of funds for the major capital expenditures of the Company and its subsidiaries in 2023 is mainly the net cash inflows from operating activities, with some bank loan. The amount of real estate, plant and equipment obtained is NTD95,043 thousand, accounting for approximately 1.85% of the sales revenue, and had no significant impact on the finance and business of the Company.

5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year :

(1) Reinvestment policies

The Company's reinvestment is mainly in the lead frame related fields, and by setting up domestic and overseas reinvestment companies to develop mainland and overseas markets, and to serve customers nearby, it is expected to improve the Company's overall operational performance.

(2) The main reasons for the profit or loss of reinvestment, improvement plan:

(In Thousands of New Taiwan Dollars)

Reinvestment company	Investment gains and losses recognized in 2023	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Speedy Investment Limited	\$33,853	As a holding company, it recognizes the investment gains and losses of reinvesting in Jinan Jihlong Technology Co., Ltd. The product orders in the mainland market have the advantages of technology-specific exclusivity and low personnel costs, resulting in relatively stable profitability of Jinan Jihlong Technology Co., Ltd.	None	None
Jih Li Technology Co., Ltd.	\$(3,314)	It is a 100% outsourcing processing company of the Company. This company faced losses in 2023 due to the sluggish market conditions compared to 2022	None	None

Reinvestment company	Investment gains and losses recognized in 2023	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Jih-Linchpin Limited	\$70,157	As a holding company, it recognizes the investment gains and losses of reinvesting in Suzhou SH Precision Co., Ltd. The product orders in the mainland market have the advantages of technology-specific exclusivity and low personnel costs, resulting in relatively stable profitability of Suzhou SH Precision Co., Ltd.	None	None
SH Precision Co.,Ltd	\$72,936	Due to the exclusiveness of technology-specific product orders in the Japanese market, SH Precision Co., Ltd's profitability is relatively stable.	None	None
Malaysian SH Precision Sdn. Bhd	\$65,149	Due to the advantages of technology-specific exclusivity and low personnel costs for product orders in the Malaysian market, Malaysian SH Precision Sdn. Bhd's profitability is relatively stable.	None	None

(3) Investment Plans of the Next Year :

The company will plan investment projects based on the overall economic situation and industry demand. Currently, we are planning to have investment projects in our subsidiaries in Japan and Malaysia, aiming to seize opportunities for diversifying the supply chain due to the shift in the geopolitical landscape.

6. Risks

(1) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and associated action plans

A. Impacts of interest rate fluctuations in 2023 and 2022 on the Company's profitability and associated action plans:

(In Thousands of New Taiwan Dollars)

Item	2023	2022
Net Interest Income (Expense) (Note)(1)	(17,368)	(23,132)
Net Revenue (2)	5,131,552	6,274,400
Operating Income (3)	225,818	442,454
(1)/(2)	(0.34) %	(0.37) %
(1)/(3)	(7.69) %	(5.23) %

(Note) Interest amortization on corporate bond discounts and interest on lease liabilities have been excluded.

The Group incurred interest expense of NTD17,368 thousand in 2023, which was 0.34% and 7.69% of revenue and operating income in 2023, respectively. This is mainly due to the adjustment of the Group's capital utilization structure and the use of long-term funds to pay for long-term investments, resulting in an decrease of approximately NTD5,764 thousand in the net interest expense of the Company in 2023. The central bank has raised interest rates six times since 2022, accumulating a total increasing of 0.875% in the rate. The Company continues to regularly review and allocate our funds, while making a closer partnership with banks to secure a better interest rate compared to the market average. In 2023, we have also increased our positions in both local and foreign currency fixed deposits to mitigate the impact of interest rate fluctuations.

B. Impacts of foreign exchange rate fluctuations in 2023 and 2022 on the Company's profitability and associated action plans:

(In Thousands of New Taiwan Dollars)

Item	2023	2022
Net Foreign Exchange Gain (Loss) (1)	51,509	98,355
Net Revenue (2)	5,131,552	6,274,400
Operating Income (3)	225,818	442,454
(1)/(2)	1.00%	1.57%
(1)/(3)	22.81%	22.23%

Foreign exchange profit amounted to NTD51,509 thousand in 2023, which was 1.00% and 22.81% of revenue and operating income in 2023, respectively. This is mainly due to the impact of the appreciation in the US dollars in 2023.

The Group's operating income and manufacturing costs are mostly denominated in US dollars, and the amount of foreign currency sales is higher than that of foreign currency purchases, so fluctuations in the exchange rate of the US dollars will have an impact on the revenue and income of the Group. In addition to keeping an eye on the exchange rate fluctuations in the international market, the Group will continue to implement the following countermeasures:

- (a) In addition to the natural hedging effect of purchases denominated in foreign currencies, the Group's financial department also takes into account relevant information on the exchange rate market and future trends to avoid exchange rate risks in a timely manner.
- (b) The Group maintains information exchanges with major correspondent banks, and monitors changes in the foreign exchange market in real time, so that relevant supervisors can make timely adjustments in response to exchange rate fluctuations, and at the same time serve as a basis for business personnel to quote product prices.

C. Impacts of inflation on the Company's profitability and associated action plans:

The total CPI index for December 2023 announced by the Accounting Office was 106.58, with an annual CPI growth rate of 2.70%. The inflation risk was assessed to be within an acceptable range. The Company continues to reduce various costs through raw material inventory management and the research and innovation of procurement strategy and process, which is sufficient to respond to the changes in environment and reduce the impact of inflation on the Company.

- (2) The policies, main causes of gain or loss and action plans with respect to high-risk, highly-leveraged investment, lending funds to other parties, endorsement and guarantee and derivative trading:

A. High-risk, highly-leveraged investment

The Company is mainly engaged in research and development, manufacturing and sales, and does not engage in high-risk or high-leverage investments.

B. Lending funds to other parties, endorsement and guarantee

- (a) In response to the actual operational needs of the reinvestment company, the Company has formulated the "Operation Procedures for Funds Loans to Others" and "Operation Procedures for Endorsement and Guarantee" in accordance with the relevant laws and regulations of the Securities and Futures Bureau, and evaluates risks and effectively controls them through an internal dedicated unit. At the same time, the audit unit of the Company has established relevant standards for risk management and assessment in accordance with the "Guidelines for the Establishment of Internal Control Systems for Public Offering Companies" issued by the Securities and Futures Bureau.

(b) As of December 31, 2023, the maximum amount of the Company's endorsement guarantee was NTD2,308,676 thousand, the balance of the announced endorsement guarantee was NTD650,000 thousand, and the actual disbursement amount was NTD102,084 thousand, a decrease of amount 76,864 thousand from 178,948 thousand in 2022 ; in addition, the invested companies in which the Company directly and indirectly holds 100% of the shares will have priority for each subsidiary to apply for a financing quota from the bank due to the overall working capital consideration, and the Company will endorse and guarantee it to facilitate the use of working capital of each subsidiary.

(c) In 2023, the Company did not have funds loaned to others.

C. Derivative trading

It is handled in accordance with the procedures for dealing in derivatives transactions in the "Acquisition or Disposal of Assets Processing Procedures" stipulated by the Company. The Company has not undertaken forward foreign exchange contracts and derivatives transactions in the last two years. If there is demand in the future, it will mainly avoid the risks caused by exchange rate fluctuations, and will not engage in arbitrage and investment transactions. The relevant risks are limited.

(3) Future research and development plans and estimated expenses

A. Future research and development plans :

In recent years, the Company has continued to invest in research and development in mold development, purchase high-precision machinery and equipment, improve production processes and enhance production efficiency. The future research and development plans are as follows:

- (a) To invested in the development of high-efficiency power modules products, thin Lead Frames, Clips, and rectifier protection component Lead Frames. In response to the rapid growth of electric vehicles, data centers, and edge computing products which have possess characteristics like high voltage, large current, and high computational capabilities, leading to high power density, efficient heat conduction, and low impedance.
- (b) To introduce plated metal surface roughness skill, and partial plating into product process that promote product differentiation and enhance product competitiveness as customer's demand on automotive power device.
- (c) To enhance the mass production ability of each factories within the group on developing the customized Power Lead Frame for international Integrated Device Manufacturers (IDM) customers. This is aimed at securing opportunities in the increasingly diversified development of the current semiconductor supply chain and striving to capitalize on emerging trends.
- (d) To align with the industrial developing trend and the trend of extending power semiconductor materials to WBGs (Wide Band Gap semiconductor) material. We aim to enhance the opportunities for technical development and integrated product development with our customers

B. Estimated Research and Development expenses

The Company adheres to the concept of high-precision mold development and production for many years, and is committed to improving the speed of mold development and product quality. It is estimated that the research and development expenses invested will be gradually listed according to the development progress of new products and new technologies. 1% to 2% of the revenue in 2024 is mainly invested in the R&D center to purchase all kinds of precision machines, shorten the mold development time and the lead frame stamping consistency, and maintain a certain degree of growth depending on the operating conditions to ensure the Company's competitive advantage.

- (4) Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business and associated action plans:

The Company has always paid close attention to and mastered 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 2024 have been assessed to have no significant impact on the operation of the Company.

- (5) Impacts on the changes in technology (including cyber security risk) and industry on Company's finance and business and associated action plans:

In order to presume the relevant policies of cyber security, strengthen the construction of cyber security software and hardware and related contingency handling, implement cyber security education and training, the Company implements cyber security risk management through internal audit and accountant information audit. The Company always pays attention to the changes in the technology related to the industry in which it operates, and evaluates its impact on the Company's operations. However, there was no major technology change in the recent year that had a significant impact on the Company's finance and business.

- (6) Impacts of changes in corporate image on corporate risk management and associated action plans:

Since its establishment, the Company has been focusing on its own business operations. So far, there has not been a crisis in the Company's operation caused by the change of the corporate image. However, once an enterprise crisis occurs, it may cause considerable damage to the enterprise. Therefore, the Company will continue to comply with the various corporate governance requirements as much as possible, and timely invite relevant experts to provide advice and comply with them, so as to reduce the occurrence of such risks and the influence on the Company's finance and business.

- (7) Expected benefits and risks relating to merger and acquisition and associated action plans:

As of the date of publication of the annual report in the most recent year, the Company has no plans to acquire other companies, so it is not applicable.

(8) Expected benefits and risks relating to plant expansion and associated action plans:

As of the date of publication of the annual report, the Company has no plans to expand the plant in the most recent year, so it is not applicable.

(9) Risks of concentrated sources of sales or purchases and associated action plans:

A. Purchase concentration risks

The Company's purchase items are mainly copper, iron-nickel, iron and other metal materials. In addition to purchasing from various copper suppliers in South Korea, Taiwan, Japan, China, etc., it can also purchase through traders. The sources of purchases are scattered and the required raw materials can be obtained stably, and there should be no risk of concentration of purchases. The Company's response measures to the concentration risk of purchases are as follows:

(a) Grasp the main raw material sources: The Company has been working hard in the industry for a long time, and its grasp of the upstream raw materials is sufficient to support the Company's long-term development, and has signed supply contracts with relevant suppliers to stabilize the source of materials.

(b) Dispersion of suppliers: The Company purchases raw materials from different suppliers as far as possible to diversify the procurement sources, ensure the safe supply of raw materials and reduce the risk of centralized procurement.

(c) Self-made dual-gauge materials: The development trend of the Company's product is to increase the proportion of self-made dual-gauge materials.

B. Sales concentration risks

None of the Company's major customers in the last two years has a revenue accounts for more than 10% of sales, so the Company has no sales concentration.

(10) Impact or risk of change or transfer of significant number of shares by directors, supervisors or shareholders with over 10% of shareholding and associated action plans: None

(11) Impact or risk of change in management and associated action plans:

As of the date of the publication of the annual report in the most recent year of the Company, there has been no change in management rights, so it is not applicable.

(12) For major litigations, non-litigations or administrative disputes which involve the Company, directors, supervisors, general managers, de facto responsible person, major shareholders with over 10% of shareholding and affiliates and have significant impacts on the interests of shareholders or share prices, the facts, amount in dispute, commencement date, major parties involved, and the status as of the date of this annual report shall be disclosed: None

(13) Other significant risks and associated action plans: None.

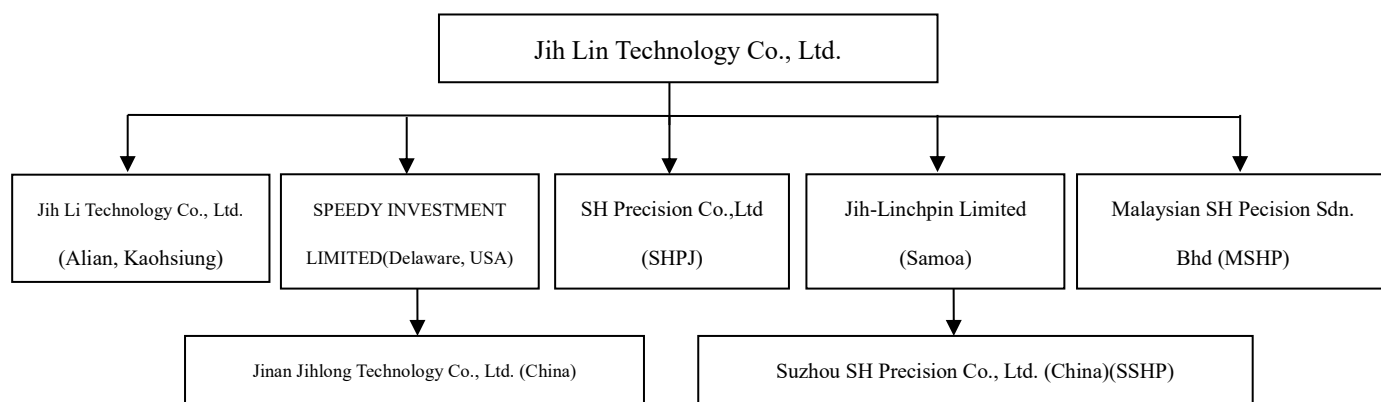
7. Other Significant Matters: None.

VIII. Special Notes

1. Affiliates Information

(1) Consolidated Business Report of the Affiliates

A. Chart of affiliates



B. The relationship, mutual shareholding ratio, shares and actual investment amount between the Company and the affiliates

December 31, 2023

Name	Relationship	Investment Amount	Holding shares in the affiliates		The Company's shares hold by the affiliates	
			Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Speedy Investment Limited	Subsidiary	USD 20,000 thousand dollars	1,000	100.00%	—	—
Jinan Jihlong Technology Co., Ltd.	Sub-subsubsidiary	USD 20,000 thousand dollars	— (Note)	100.00%	—	—
Jih Li Technology Co., Ltd.	Subsidiary	NTD 50,000 thousand	5,000,000	100.00%	—	—
Jih-Linchpin Limited	Subsidiary	USD 2,646 thousand dollars	3,000,000	100.00%	—	—
Suzhou SH Precision Co., Ltd.	Sub-subsubsidiary	USD 2,646 thousand dollars	— (Note)	100.00%	—	—

Name	Relationship	Investment Amount	Holding shares in the affiliates		The Company's shares hold by the affiliates	
			Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
SH Precision Co.,Ltd.	Subsidiary	JPY 100,000 thousand	8,000	100.00%	—	—
Malaysian SH Precision Sdn. Bhd	Subsidiary	JPY 100,000 thousand	13,870,600	100.00%	—	—

Note: The mainland company indirectly invested by the Company is in the form of a limited company and has no shares.

(2) Consolidated Financial Statements of Affiliates:

In 2023 (from January 1, 2023 to December 31, 2023), the companies that should be included in the preparation of the consolidated financial statements of related enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises " and the relevant information that should be disclosed in accordance with the financial statements have been disclosed in the consolidated financial statements of the parent and subsidiary companies previously disclosed. Therefore, the consolidated financial statements of related enterprises will not be prepared separately.

(3) Affiliation Reports: Not applicable.

2. Private Placement of Securities in the Most Recent Year and as of the Date of this Annual Report: None.

3. The Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Date of this Annual Report: None.

4. Other Necessary Supplement: None.

5. Any Events in the Most Recent Year and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Jih Lin Technology Co., Ltd.
Statement of Internal Control System

Date: March 8, 2024

Based on the results of self-assessment, the Company's internal control system for the year 2023 is hereby declared as follows:

1. The Company confirms that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. The purpose is to provide reasonable assurance for the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance, and asset security), reporting reliability, timeliness, transparency, and compliance with relevant norms and laws and regulations.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; and, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary with change. However, the Company's internal control system is equipped with a self-supervision mechanism. Once a defect is identified, the Company will take corrective action.
3. The Company judges whether the design and implementation of the internal control system is effective based on the items for judging the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations Governing"). The internal control system judgment items used in this "Regulations Governing" are based on the process of management control, and the internal control system is divided into five components: 1. Environmental Control, 2. Risk Assessment, 3. Operations Control, 4. Information and Communication, and 5. Monitoring Operations. Each component in turn includes several items. For the aforementioned items, please refer to the "Regulations Governing".
4. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, we believe that the internal control system of the Company on December 31, 2023 (including the

supervision and management of subsidiaries), including understanding of the effect of operations and the degree of achievement of efficiency goals, reports reliability, timeliness, transparency, and the design and implementation of internal control systems that comply with relevant norms and compliance with relevant laws and regulations is effective, and can reasonably ensure the achievement of the above objectives.

6. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosed contents are false, concealed or included other illegal activities, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Board of Directors of the Company on March 8, 2024. Among the 7 directors present, no one has objections. All the others agree with the content of this statement and hereby declare.

Jih Lin Technology Co., Ltd.

Chairperson : Shang-Yuan Tsai

General Manager : Shang-Ming Tsai

JIH LIN TECHNOLOGY CO., LTD.

Audit Committee's Review Report

The Board of Directors sent the Company's annual business report, financial statements and earnings distribution proposal, etc. of 2023, of which the financial statements were audited and completed by Ernst & Young, and an audit report was issued. The above-mentioned business report, financial statement and profit distribution proposal have been reviewed by the Audit Committee and found that there is no inconsistency. The report is as above in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law.

Sincerely,

2024 Annual Shareholders' Meeting of JIH LIN TECHNOLOGY CO., LTD

JIH LIN TECHNOLOGY CO., LTD

Convener of the audit committee : Jhao-Rong Guo

March 8, 2024

Statement of Independence of Accountants

Board of Directors and Audit Committee of JIH LIN TECHNOLOGY CO., LTD.

This statement is an annual independence communication conducted in accordance with applicable laws and professional standards.

According to Statement of Auditing Standard, Ernst & Young has adhered to relevant ethical standards regarding independence.

We do not perceive the existence of relationships and other matters that may be considered to affect independence.

In accordance with auditing standards and the International Ethics Standards Board for Accountants (IESBA Code), we report the fees charged by Ernst & Young and its affiliated firms for audit and non-audit services provided to your company during the reporting period.

This statement is for the information of your company's Board of Directors, Audit Committee, management and other personnel within your company, and may not be used for any other purpose.

Regards

Ernst & Young

Accountant: Cheng-Chu Chen

Accountant: Kuo-Sen Hung

January 25, 2024

Representation Letter

The entities that are required to be included in the combined financial statements of JIH LIN TECHNOLOGY CO., LTD. as of and for the year ended December 31, 2023, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Therefore, JIH LIN TECHNOLOGY CO., LTD. does not prepare a separate set of combined financial statements.

Very truly yours,

Company’s Name : JIH LIN TECHNOLOGY CO., LTD.

Chairperson : Shang-Yuan Tsai

March 8, 2024

Independent Auditors' Report

To JIH LIN TECHNOLOGY CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of JIH LIN TECHNOLOGY CO., LTD. (the "Company") and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above are fairly presented, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Revenue recognition

The net revenue recognized by the Company and its subsidiaries in 2023 amounted to NT\$ 5,131,552 thousand, mainly from the sale of semiconductor wire racks and molds produced and manufactured by the Company. The sale of its finished products of semiconductor lead frame involved different trading terms. It is necessary to determine the performance obligations and the time point of their satisfaction, therefore, we considered the recognition of revenue from contracts with customers as a key audit matter. Our audit procedures included, but were not limited to, assessing the appropriateness of the accounting policies for revenue recognition; evaluate and test the effectiveness of the internal control design and execution of revenue recognition, select samples to perform a detailed test of the transaction and review the significant terms and conditions in the contract to confirm the authenticity of the transaction and the correctness of the time point of recognition; review the significant return and discount of goods in the subsequent period to confirm the correctness of the recognition of sales revenue as of the balance sheet date; perform the sales cut-off point test in the period before and after the balance sheet date and to take samples and verify the relevant vouchers to determine the correctness of the transaction recognition point; use audit sampling for confirmations to verify ending balance and important sales terms for accounts receivable; conduct a journal entry testing and examine the preparation or sale of the goods as a transaction. We also assessed the adequacy of disclosures of operating revenue. Please refer to Notes 4 and 6 to the Company's consolidated financial statements.

Valuation for inventories

As of December 31, 2023 the Company and its subsidiaries' net inventories amounted to NT\$ 1,329,159 thousand, which accounted for 26 % of total assets and were significant to the Company and its subsidiaries. As the raw material of the inventories is significantly impacted by international copper price, management has to estimate the trend of copper price and assess purchase quantity based on purchase orders and the production schedule, which will impact the valuation of net realizable value of inventories. Therefore, we determined this a key audit matter. Our audit procedures included, but not limited to, assessing the appropriateness of accounting policies for allowance to reduce inventory to market; considering the internal process of the inventory unit cost and the correctness of calculation; verifying the aging interval of inventory aging schedule and recheck the provision for allowance based on inventory aging; conducting analytical procedures on gross margin; assessing the net realizable value determined by management; and reviewing the management's inventory plan and selecting the important stock location for inventory observation to confirm the quantity and the status of the inventory. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in 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 auditing standards generally accepted in 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 internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 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 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022.

Chen, Cheng-Chu

Hung, Kuo-Sen

Ernst & Young, Taiwan

March 8, 2024

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
As of December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Assets	Note	December 31, 2023		December 31, 2022		Liabilities and stockholders' equity	Note	December 31, 2023		December 31, 2022	
Items		Amount	%	Amount	%	Items		Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4/ 6. (1)	\$1,089,867	21	\$859,969	15	Short-term borrowings	6. (9)	\$352,084	7	\$292,453	5
Notes receivable, net	4/ 6. (2),(14)	5,806	0	5,440	0	Contract liabilities - current	6. (13)	5,585	0	8,653	0
Account receivable, net	4/ 6. (3),(14)	941,955	18	1,004,535	18	Account payable		247,773	5	294,875	6
Account receivables - related parties, net	4/ 6.(3),(14) / 7	380	0	32	0	Account payable - related parties	7	—	—	1,391	0
Other receivable		34,239	1	64,104	1	Other payable		144,009	3	150,670	3
Current tax assets	4/ 6.(19)	7,129	0	4,830	0	Other payable - related parties	7	4,507	0	8,227	0
Inventories	4/ 6. (4)	1,329,159	26	1,697,280	31	Current tax liabilities	4/ 6. (19)	31,210	1	72,002	1
Prepayments	4/ 6.(11)	27,005	0	34,694	1	Current lease liabilities, non related parties	4/ 6. (15)	3,320	0	3,273	0
Other current assets		65	0	42	0	Current lease liabilities, related parties	4/ 6. (15)/ 7	4,258	0	5,393	0
Total current assets		<u>3,435,605</u>	<u>66</u>	<u>3,670,926</u>	<u>66</u>	Current portion of long-term borrowings	6. (10)	150,168	3	160,200	3
						Other current liabilities		1,942	0	2,712	0
						Total current liabilities		<u>944,856</u>	<u>19</u>	<u>999,849</u>	<u>18</u>
Non-current assets						Non-current liabilities					
Property, plant, and equipment	4/ 6. (5)	1,356,849	26	1,469,823	27	Long-term borrowings	6. (10)	1,168,979	23	1,226,647	22
Right-of use assets	4/ 6. (15)/ 7	79,070	2	87,703	2	Deferred tax liabilities	4/ 6. (19)	80,302	1	72,704	2
Investment property, net	4/ 6. (6)	225,238	5	231,671	4	Non-current lease liabilities, non related parties	4/ 6. (15)	99,130	2	102,450	2
Intangible assets	4/ 6. (7)	2,558	0	2,455	0	Non-current lease liabilities, related parties	4/ 6. (15)/ 7	—	—	4,258	0
Deferred tax assets	4/ 6. (19)	65,830	1	56,513	1	Other non-current liabilities - others		10,000	0	10,000	0
Other non-current assets	6. (8)	8,308	0	12,715	0	Net defined benefit liability, non-current	4/ 6. (11)	905	0	—	—
Total non-current assets		<u>1,737,853</u>	<u>34</u>	<u>1,860,880</u>	<u>34</u>	Total non-current liabilities		<u>1,359,316</u>	<u>26</u>	<u>1,416,059</u>	<u>26</u>
						Total liabilities		<u>2,304,172</u>	<u>45</u>	<u>2,415,908</u>	<u>44</u>
						Equity attributable to owners of the parent					
						Capital	6. (12)				
						Common stock		1,020,409	20	1,020,409	18
						Total capital		<u>1,020,409</u>	<u>20</u>	<u>1,020,409</u>	<u>18</u>
						Capital surplus	6. (12)	668,776	13	872,858	16
						Retained earnings	6. (12)				
						Legal reserve		297,461	6	255,660	4
						Special reserve		133,965	2	163,079	3
						Unappropriated earinings		949,040	18	937,857	17
						Total retained earnings		<u>1,380,466</u>	<u>26</u>	<u>1,356,596</u>	<u>24</u>
						Other equity		<u>(200,365)</u>	<u>(4)</u>	<u>(133,965)</u>	<u>(2)</u>
						Total equity attributable to owner of the parent		<u>2,869,286</u>	<u>55</u>	<u>3,115,898</u>	<u>56</u>
						Total equity		<u>2,869,286</u>	<u>55</u>	<u>3,115,898</u>	<u>56</u>
Total assets		<u><u>\$5,173,458</u></u>	<u><u>100</u></u>	<u><u>\$5,531,806</u></u>	<u><u>100</u></u>	Total liabilities and equity		<u><u>\$5,173,458</u></u>	<u><u>100</u></u>	<u><u>\$5,531,806</u></u>	<u><u>100</u></u>

JIH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Items	Note	2023		2022	
		Amount	%	Amount	%
Net revenue	4/ 6. (13)/ 7	\$5,131,552	100	\$6,274,400	100
Cost of goods sold	4/ 6. (4),(5),(16)/ 7	(4,414,381)	(86)	(5,323,266)	(85)
Gross profit		717,171	14	951,134	15
Operating expenses	4/ 6. (15),(16)/ 7				
Selling expenses		(94,333)	(2)	(111,973)	(2)
Administrative expenses		(290,624)	(6)	(288,386)	(5)
Research and development expenses		(106,451)	(2)	(108,374)	(2)
Expected credit gains (losses)	4/ 6. (14)	55	0	53	0
Total operating expenses		(491,353)	(10)	(508,680)	(9)
Operating income		225,818	4	442,454	6
Non-operating income and expenses					
Interest income	6. (17)	15,455	0	5,420	0
Other income	6. (17)	16,776	0	13,582	0
Other gains and losses	6. (17)	52,183	1	96,652	2
Finance costs	6. (17)/ 7	(34,370)	(0)	(30,222)	(0)
Total non-operating income and expenses		50,044	1	85,432	2
Net income before income tax		275,862	5	527,886	8
Income tax expense	4/ 6. (19)	(97,225)	(2)	(111,160)	(2)
Net income of continuing operations		178,637	3	416,726	6
Net income		178,637	3	416,726	6
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plan	6. (18)	(1,706)	(0)	1,284	0
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6. (18)	(83,000)	(1)	36,393	1
Income tax related to items that may be reclassified subsequently to profit or loss	6. (18), (19)	16,600	0	(7,279)	0
Total other comprehensive income (loss), net of tax		(68,106)	(1)	30,398	1
Total comprehensive income		\$110,531	2	\$447,124	7
Net income attribute to:					
Owners of the parent		\$178,637	3	\$416,726	6
Total comprehensive income attribute to:					
Owners of the parent		\$110,531	2	\$447,124	7
Earnings per share (Expressed in NTD)					
Basic earnings per share	4/ 6. (20)	\$1.75		\$4.08	
Diluted earnings per share	4/ 6. (20)	\$1.75		\$4.08	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

JIH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars)

Items	Equity attributable to owners of the parent						Total Equity
	Common stock	Capital surplus	Retained earnings			Other Equity	
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operations	
Balance as of January 1, 2022	\$1,020,409	\$1,076,940	\$208,945	\$81,046	\$852,677	\$(163,079)	\$3,076,938
Appropriation and distribution of 2021 retained earnings:							
Legal reserve	—	—	46,715	—	(46,715)	—	—
Special reserve	—	—	—	82,033	(82,033)	—	—
Cash dividends	—	—	—	—	(204,082)	—	(204,082)
Cash dividends distributed from capital surplus	—	(204,082)	—	—	—	—	(204,082)
Profit for the year ended December 31, 2022	—	—	—	—	416,726	—	416,726
Other comprehensive income for the years ended December 31, 2022	—	—	—	—	1,284	29,114	30,398
Total comprehensive income	—	—	—	—	418,010	29,114	447,124
Balance as of December 31, 2022	<u>\$1,020,409</u>	<u>\$872,858</u>	<u>\$255,660</u>	<u>\$163,079</u>	<u>\$937,857</u>	<u>\$(133,965)</u>	<u>\$3,115,898</u>
Balance as of January 1, 2023	\$1,020,409	\$872,858	\$255,660	\$163,079	\$937,857	\$(133,965)	\$3,115,898
Appropriation and distribution of 2022 retained earnings:							
Legal reserve	—	—	41,801	—	(41,801)	—	—
Cash dividends	—	—	—	—	(153,061)	—	(153,061)
Special reserve reversal	—	—	—	(29,114)	29,114	—	—
Cash dividends distributed from capital surplus	—	(204,082)	—	—	—	—	(204,082)
Profit for the year ended December 31, 2023	—	—	—	—	178,637	—	178,637
Other comprehensive income for the years ended December 31, 2023	—	—	—	—	(1,706)	(66,400)	(68,106)
Total comprehensive income	—	—	—	—	176,931	(66,400)	110,531
Balance as of December 31, 2023	<u>\$1,020,409</u>	<u>\$668,776</u>	<u>\$297,461</u>	<u>\$133,965</u>	<u>\$949,040</u>	<u>\$(200,365)</u>	<u>\$2,869,286</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese
JH LIN TECHNOLOGY CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
Cash flows from operating activities:		
Net income before income tax	\$275,862	\$527,886
Adjustments:		
The profit or loss items:		
Depreciation	205,853	204,772
Amortization	1,962	2,466
Expected credit (profit) loss	(55)	(53)
Interest expense	34,370	30,222
Interest income	(15,455)	(5,420)
(Gain) on disposal of property, plant and equipment	(1,300)	(17)
Other	(2,767)	2,031
Subtotal	222,608	234,001
Changes in operating assets and liabilities:		
Changes in operating assets		
(Increase) Decrease in notes receivable	(366)	38,143
Decrease in account receivable	62,635	271,163
(Increase) Decrease in account receivable from related parties	(348)	19
Decrease (Increase) Decrease in other receivable	31,291	(20,244)
Decrease in other receivable from related parties	—	100
Decrease (Increase) in inventories	370,088	(257,536)
Decrease in prepayments	6,888	13,588
(Increase) Decrease in other current assets	(23)	994
Changes in operating liabilities		
(Decrease) in contract liabilities - current	(3,067)	(9,097)
(Decrease) in account payable	(47,102)	(115,768)
(Decrease) Increase in account payable from related parties	(1,391)	1,087
(Decrease) in other payable	(6,827)	(15,950)
(Decrease) in other payable from related parties	(3,720)	(3,665)
(Decrease) in other current liabilities	(770)	(2,331)
Total changes in operating assets and liabilities	407,288	(99,497)
Cash generated from operations activities	905,758	662,390
Interest received	14,029	5,386
Income tax paid	(125,436)	(96,504)
Net cash provided by operating activities	794,351	571,272
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(95,043)	(147,041)
Proceeds from disposal of property, plant and equipment	3,420	350
Acquisition of intangible assets	(1,296)	(1,080)
(Increase) in other non-current assets	(1,521)	(11,452)
Net cash (used in) investing activities	(94,440)	(159,223)
Cash flows from financing activities:		
Increase in short-term borrowings	59,631	100,264
Increase in long-term borrowings	150,000	50,000
Repayment of long-term borrowings	(217,700)	(128,918)
Repayment of lease liabilities	(10,213)	(10,453)
Cash dividend	(357,143)	(408,164)
Interest paid	(32,657)	(27,703)
Net cash provided by (used in) financing activities	(408,082)	(424,974)
Effect of exchange rate changes on cash and cash equivalents	(61,931)	30,311
Net Increase (Decrease) in cash and cash equivalents	229,898	17,386
Cash and cash equivalents, beginning of period	859,969	842,583
Cash and cash equivalents, end of period	\$1,089,867	\$859,969

English Translation of Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

JIH LIN TECHNOLOGY CO., LTD. (the Company) was incorporated on October 18, 2000. The Company's registered address is No.58, Jhong Yang Rd., Nanzih Dist., Kaohsiung City. The principal activities of the Company are to tooling manufacture、lead frame manufacture and sales service. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on February 25, 2014.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2023 and 2022 were authorized for issue by the board of directors on March 8, 2024.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group adopted International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Aemnded Standards and Interpretaions	Effective date issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

- A. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.
- B. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.
- C. Non-current Liabilities with Covenants (Amendments to IAS 1)
The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.
- D. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. As the Group determine the potential impact of the new standards and interpretations, apart from item (a) to (d) that it is not practicable to estimate the impact of which at this point in time, the remaining standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC and not yet adopted by the Group as at the end of the reporting period are listed below :

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of

non-monetary assets to an associate or a joint venture to the extent of the interest attribute to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability (Amendments to IAS 21)

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is currently determining the potential impact of the new standards and interpretations, it is not practicable to estimate the impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of Consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has :

- A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- B. exposure, or rights, to variable returns from its involvement with the investee, and
- C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including :

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements, and
- C. the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
- B. derecognizes the carrying amount of any non-controlling interest
- C. recognizes the fair value of the consideration received
- D. recognizes the fair value of any investment retained
- E. recognizes any surplus or deficit in profit or loss
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2023	December 31, 2022
The Company	Speedy Investment Limited	Investment holding	100.00%	100.00%
The Company	Jih Li Technology Co., Ltd	Lead frame manufacture and sales service	100.00%	100.00%
The Company	Jih-Linchpin Limited	Investment holding	100.00%	100.00%
The Company	SH Precision Co., Ltd	Lead frame manufacture and sales service	100.00%	100.00%
The Company	Malaysian SH Precision Sdn. Bhd.	Lead frame manufacture and sales service	100.00%	100.00%
Speedy Investment Limited	Jinan Jihlong Technology Co., Ltd.	Lead frame manufacture and sales service	100.00%	100.00%
Jih-Linchpin Limited	Suzhou SH Precision Co., Ltd.	Lead frame manufacture and sales service	100.00%	100.00%

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following :

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of Financial Statements in Foreign Currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and Non-Current Distinction

An asset is classified as current when :

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when :

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including fixed-term deposits that have maturity within three months from the date of acquisition) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement.

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below :

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date :

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and ;
- (b) 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for :

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met :

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and ;
- (b) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income (always is debt instrument) are described as below :

- (a) a gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) when the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - I. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - II. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivables.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects :

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows :

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For financing lease receivable arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12.(4), Page 65-66, for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributed to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if :

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term ;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either :

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attribute to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative Instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

(10) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- A. In the principal market for the asset or liability, or ;
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –Purchase cost on weighted average cost basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment.

When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Property, plant and equipment	Lives
Buildings and facilities	3~50 years
Machinery and equipment	3~16 years
Tooling equipment	2~5 years
Office equipment	3~10 years
Transportation equipment	5~6 years
Leasehold improvements	3~11 years
Other equipment	2~20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

(13) Investment Property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Investment Property	Lives
Buildings	40 years
Right-of-use assets	20 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following :

- A. the right to obtain substantially all of the economic benefits from use of the identified asset ; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date :

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- C. amounts expected to be payable by the lessee under residual value guarantees ;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss. A summary of the policies applied to the Group's intangible assets is as follows :

	<u>Computer software</u>
Useful lives	Finite (3 years)
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(16) Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro-rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18) Revenue Recognition

The Group's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follows :

Sale of goods

The Group manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Group is semiconductor lead frame and tooling and revenue is recognized based on the consideration stated in the contract. Sales by volume discounts, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Group uses the previous experience to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The credit period of the Group's sale of goods is from 30 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract.

(19) Borrowing Costs

Borrowing costs directly attribute to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Post-Employment Benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes any related restructuring costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income Taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed

5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6.(4), Page 35, for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 1,239	\$1,129
Demand deposits	646,693	791,487
Time deposits	441,935	67,353
Total	<u>\$ 1,089,867</u>	<u>\$859,969</u>

(2) Notes receivables and Notes receivables - related parties

	December 31, 2023	December 31, 2022
Notes receivables arising from operating activities	\$ 5,806	\$5,440
Subtotal (carrying amount)	5,806	5,440
Less: loss allowance	—	—
Subtotal	<u>5,806</u>	<u>5,440</u>
Notes receivables arising from operating activities (related parties)	—	—
Subtotal (carrying amount)	—	—
Less: loss allowance	—	—
Subtotal	<u>—</u>	<u>—</u>
Total	<u>\$ 5,806</u>	<u>\$5,440</u>

The Group's notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(14), Page 51-52, for more details on loss allowance and Note 12.(4), Page 65-66, for details on credit risk.

(3) Account receivables and Account receivables - related parties

	December 31, 2023	December 31, 2022
Account receivables	\$ 941,988	\$1,004,623
Subtotal (carrying amount)	941,988	1,004,623
Less: loss allowance	(33)	(88)
Subtotal	941,955	1,004,535
Account receivables-related parties	380	32
Subtotal (carrying amount)	380	32
Less: loss allowance	—	—
Subtotal	380	32
Total	\$ 942,335	\$1,004,567

The Group's account receivables were not pledged.

The credit terms of account receivables are generally set at 30 to 180 days from the end of month. The gross carrying amounts were NT\$942,368 thousand and NT\$1,004,655 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6.(14), Page 51-52, for loss allowance for the years ended December 31, 2023 and 2022 and Note 12.(4), Page 65-66, for credit risk.

(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 573,015	\$731,746
Supplies	50,718	80,052
Work in progress	224,590	306,614
Finished goods	480,836	578,868
Total	\$ 1,329,159	\$1,697,280

	For the years ended December 31,	
	2023	2022
Cost of inventories sold	\$ 4,417,148	\$5,321,235
Loss on inventory valuation(Note)	(2,767)	2,031
Cost of goods sale	\$ 4,414,381	\$5,323,266

Note : Benefit from inventory recovery is affected by the international price of copper.

The aforementioned inventories were not pledged.

(5) Property, plant and equipment

	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	<u>\$ 1,356,849</u>	<u>\$1,469,823</u>

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost: :										
As of January 1, 2022	\$42,468	\$926,418	\$1,167,372	\$322,336	\$36,114	\$27,789	\$10,160	\$57,553	\$82,340	\$2,672,550
Additions	—	26,417	38,236	34,809	2,625	2,452	—	5,971	36,531	147,041
Disposals	—	(11,244)	(13,270)	(18,066)	(1,458)	(391)	—	(2,141)	—	(46,570)
Transfers	—	55,628	20,449	21,142	—	—	317	—	(72,569)	24,967
Exchange differences	(1,055)	(503)	(5,120)	(3,676)	737	164	—	583	546	1,916
As of December 31, 2022	41,413	996,716	1,217,907	356,545	38,018	30,014	10,477	61,966	46,848	2,799,904
Additions	—	11,581	23,560	22,482	6,865	266	—	3,737	26,552	95,043
Disposals	—	(5,967)	(14,164)	(38,676)	(2,015)	—	(92)	(2,892)	—	(63,806)
Transfers	—	271	26,859	12,079	825	—	—	861	(39,063)	1,832
Exchange differences	(1,979)	(19,933)	(32,138)	(22,342)	(744)	(315)	—	(824)	(1,872)	(80,147)
As of December 31, 2023	\$39,434	\$982,668	\$1,222,024	\$330,088	\$42,949	\$29,965	\$10,385	\$62,848	\$32,465	\$2,752,826

	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment :										
As of January 1, 2022	—	\$227,571	\$680,214	\$205,928	\$17,580	\$21,491	\$6,488	\$31,456	—	\$1,190,728
Depreciation	—	41,802	77,172	53,930	5,721	2,577	1,010	7,551	—	189,763
Disposals	—	(11,236)	(13,270)	(17,758)	(1,458)	(391)	—	(2,124)	—	(46,237)
Transfers	—	—	(149)	—	—	—	—	—	—	(149)
Exchange differences	—	(1,486)	1,147	(4,280)	226	72	—	297	—	(4,024)
As of December 31, 2022	—	256,651	745,114	237,820	22,069	23,749	7,498	37,180	—	1,330,081
Depreciation	—	44,243	82,159	48,919	4,987	2,235	1,055	7,482	—	191,080
Disposals	—	(5,967)	(14,164)	(36,572)	(2,010)	—	(92)	(2,881)	—	(61,686)
Transfers	—	—	—	(3,772)	—	—	—	—	—	(3,772)
Exchange differences	—	(13,452)	(24,823)	(20,170)	(476)	(237)	—	(568)	—	(59,726)
As of December 31, 2023	—	\$281,475	\$788,286	\$226,225	\$24,570	\$25,747	\$8,461	\$41,213	—	\$1,395,977
Net carrying amount as of :										
December 31, 2022	\$41,413	\$740,065	\$472,793	\$118,725	\$15,949	\$6,265	\$2,979	\$24,786	\$46,848	\$1,469,823
December 31, 2023	\$39,434	\$701,193	\$433,738	\$103,863	\$18,379	\$4,218	\$1,924	\$21,635	\$ 32,465	\$1,356,849

- B. The significant part of the Group's buildings included primary buildings, renovation and decoration works, the useful life were 25~50 years and 5~8 years, respectively.
- C. The amounts of capitalization of borrowing costs were \$0 for the years ended December 31, 2023 and 2022.
- D. The Group's property, plant and equipment were not pledged.

(6) Investment property

The Group's investment properties include both owned Technology Industrial Park buildings and investment properties held by the Group as right-of-use assets. The Group has entered into commercial property leases for its owned investment properties with terms 10 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Group as right-of-use assets with non-cancellable period of 10 years. Some of these contracts provide the Group options to extend the leases.

	Buildings	Right-of-use assets	Total
Cost :			
As of January 1, 2022	\$212,391	\$45,001	\$257,392
Transfer in from property, plant and equipment	—	—	—
As of December 31, 2022	212,391	45,001	257,392
Transfer in from property, plant and equipment	—	—	—
As of December 31, 2023	<u>\$212,391</u>	<u>\$45,001</u>	<u>\$257,392</u>
Depreciation and impairment :			
As of January 1, 2022	\$15,930	\$3,357	\$19,287
Depreciation	5,309	1,125	6,434
As of December 31, 2022	21,239	4,482	25,721
Depreciation	5,309	1,124	6,433
As of December 31, 2023	<u>\$26,548</u>	<u>\$5,606</u>	<u>\$32,154</u>
	Buildings	Right-of-use assets	Total
Net carrying amount as of :			
December 31, 2022	<u>\$191,152</u>	<u>\$40,519</u>	<u>\$231,671</u>
December 31, 2023	<u>\$185,843</u>	<u>\$39,395</u>	<u>\$225,238</u>
		For the years ended December 31,	
		2023	2022
Rental income from investment properties		<u>\$31,419</u>	<u>\$31,419</u>

The Group's investment property were not pledged.

For those right-of-use assets leased as operating leases and presented in investment properties, please refer to Note 6. (15), Page 53-55, for relevant disclosure as required by IFRS 16.

(7) Intangible assets

A.Details was as follows:

	<u>Computer software</u>
Cost:	
As of January 1, 2022	\$17,307
Addition-acquired separately	1,080
Transfers	—
Disposals	(490)
Exchange differences	(409)
As of December 31, 2022	<u>17,488</u>
Addition-acquired separately	1,296
Transfers	395
Disposals	—
Exchange differences	(865)
As of December 31, 2023	<u><u>\$18,314</u></u>
Amortization and Impairment:	
As of January 1, 2022	\$13,957
Amortization	1,885
Transfers	—
Disposals	(490)
Exchange differences	(319)
As of December 31, 2022	<u>15,033</u>
Amortization	1,540
Transfers	—
Disposals	—
Exchange differences	(817)
As of December 31, 2023	<u><u>\$15,756</u></u>
Net carrying amount as of:	
December 31, 2022	<u><u>\$2,455</u></u>
December 31, 2023	<u><u>\$2,558</u></u>

B.The cost of computer software is ERP computer software, which is amortized evenly over 3 years.

C.Amortization expense of intangible assets under the statement of comprehensive income :

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cost of goods sold	<u>\$285</u>	<u>\$291</u>
Operating expenses	<u>\$1,255</u>	<u>\$1,594</u>

(8) Other non-current assets

	December 31, 2023	December 31, 2022
Advance payments in equipments	\$1,537	\$4,669
Refundable deposits	1,823	3,751
Other non-current assets - other	4,948	4,295
Total	\$8,308	\$12,715

(9) Short-term borrowings

A.Details was as follows:

	December 31, 2023	December 31, 2022
Secured loan	\$102,084	\$178,948
Raw Material Financing	—	63,505
Unsecured loans	250,000	50,000
Total	\$352,084	\$292,453

B. Interest rate ranges and due date :

	December 31, 2023	December 31, 2022
Interest rates	0.87%~1.853%	0.5285%~5.55%
Due date	2024.1.15~2024. 7.19	2023.1.28~2023.6.17
Unused short-term lines of credits amounted	\$2,711,024	\$2,433,479

(10) Long-term borrowings

A.Details of long-term borrowings as of December 31, 2023 was as follows:

Creditor	December 31, 2023	rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Bank of Taiwan	\$142,500	1.9400%	The loan amount is 150,000 thousand. Since November 4, 2023, principal is repaid at 7,500 thousand in 20 quarterly payments with monthly interest payments. As of December 31, 2023, first principal has been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -A	300,000	2.3719%	The loan amount is 300,000 thousand. Effective December 13, 2023 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	500,000	2.3719%	The loan amount is 500,000 thousand. Effective December 7, 2022 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	100,000	2.3719%	The loan amount is 100,000 thousand. Effective Octorber 17, 2022 to September 20, 2025. Repayment of principal.

Creditor	December 31, 2023	rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from E. Sun Bank—Operation Revolving (Note)	64,583	1.250%	The loan amount is 100,000 thousand. Since August 15, 2022, principal is repaid at 2,083 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, first to seventeenth principal have been repaid, and the principal for each period is 2,083 thousand.
Unsecured Mid-to Long - Term Loan from Taishin Bank—Operation Revolving (Note)	15,385	1.250%	The loan amount is 50,000 thousand. Since July 15, 2022, principal is repaid at 1,923 thousand in 26 monthly payments with monthly interest payments. As of December 31, 2023, first to eighteenth principal have been repaid, and the principal for each period is 1,923 thousand.
Unsecured Mid-to Long - Term Loan from Chang Hwa Bank—Operation Revolving (Note)	34,043	1.250%	The loan amount is 50,000 thousand. Since October 15, 2022, principal is repaid at 1,064 thousand in 47 monthly payments with monthly interest payments. As of December 31, 2023, first to fifteenth principal have been repaid, and the principal for each period is 1,064 thousand.
Unsecured Mid-to Long - Term Loan from Bank of Taiwan—Operation Revolving (Note)	42,500	1.250%	The loan amount is 60,000 thousand. Since November 15, 2022, principal is repaid at 1,250 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, first to fourteenth principal have been repaid, and the principal for each period is 1,250 thousand.
Unsecured Mid-to Long - Term Loan from First Commercial Bank— Operation Revolving (Note)	35,565	1.250%	The loan amount is 48,775 thousand. Since December 15, 2022, principal is repaid at 1,016 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, the first to thirteenth principal have been repaid, and the principal for each period is 1,016 thousand.
Unsecured Mid-to Long - Term Loan from E. Sun Bank—Machinery (Note)	42,754	1.250%	The loan amount is 66,200 thousand. Since August 15, 2022, principal is repaid at 1,379 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, first to seventeenth principal have been repaid, and the principal for each period is 1,379 thousand.

Creditor	December 31, 2023	rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Taishin Bank – Machinery (Note)	13,776	1.250%	The loan amount is 49,200 thousand. Since July 15, 2022, principal is repaid at 1,968 thousand in 25 monthly payments with monthly interest payments. As of December 31, 2023, first to eighteenth principal have been repaid, and the principal for each period is 1,968 thousand.
Unsecured Mid-to Long - Term Loan from Chang Hwa Bank – Machinery (Note)	2,201	1.250%	The loan amount is 2,610 thousand. Since December 15, 2022, principal is repaid at 31 thousand in 83 monthly payments with monthly interest payments. As of December 31, 2023, the first to thirteenth principal have been repaid, and the principal for each period is 31 thousand.
Unsecured Mid-to Long - Term Loan from Bank of Taiwan – Machinery (Note)	25,840	1.250%	The loan amount is 36,480 thousand. Since November 15, 2022, principal is repaid at 760 thousand in 48 quarterly payments with monthly interest payments. As of December 31, 2023, first to fourteenth principal have been repaid, and the principal for each period is 760 thousand.
Less: Due within one year	(150,168)		
Total	<u>\$ 1,168,979</u>		

Note : The Company apply 「 Action Plan for Overseas Taiwanese Businesses to Return to Invest in Taiwan 」 , restricted use of financing for plant facilities or purchase of machinery and equipment and operation revolving fund. Interest rate ranges and due date as follow :

Item	December 31, 2023 Operation Revolving	December 31, 2023 Machinery
Interest rate ranges	1.250%	1.250%
Due date	August 21, 2024~ November 15, 2026	August 6, 2024~ October 15, 2029
Unused mid-to long-term lines of credits amounted	—	—

B. Details of long-term borrowings as of December 31, 2022 was as follows:

Creditor	December 31, 2022	rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Bank Mizuho	\$50,000	1.8500%	The loan amount is 50,000 thousand. Effective June 15, 2022 to June 10, 2024. Repayment of principal.

Creditor	December 31, 2022	rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from Bank of Taiwan	22,500	1.8224%	The loan amount is 150,000 thousand. Since January 12, 2019, principal is repaid at 7,500 thousand in 20 quarterly payments with monthly interest payments. As of December 31, 2022, first to seventeenth principal have been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -A	300,000	2.091%	The loan amount is 300,000 thousand. Effective December 13, 2022 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	600,000	2.083%	The loan amount is 600,000 thousand. Effective December 7, 2022 to September 20, 2025. Repayment of principal.
Unsecured Mid-to Long - Term Loan from E. Sun Bank—Operation Revolving (Note)	89,583	1.125%	The loan amount is 100,000 thousand. Since August 15, 2022, principal is repaid at 2,083 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to fifth principal have been repaid, and the principal for each period is 2,083 thousand.
Unsecured Mid-to Long - Term Loan from Taishin Bank—Operation Revolving (Note)	38,462	1.125%	The loan amount is 50,000 thousand. Since July 15, 2022, principal is repaid at 1,923 thousand in 26 monthly payments with monthly interest payments. As of December 31, 2022, first to sixth principal have been repaid, and the principal for each period is 1,923 thousand.
Unsecured Mid-to Long - Term Loan from Chang Hwa Bank—Operation Revolving (Note)	46,808	1.125%	The loan amount is 50,000 thousand. Since October 15, 2022, principal is repaid at 1,064 thousand in 47 monthly payments with monthly interest payments. As of December 31, 2022, first to third principal have been repaid, and the principal for each period is 1,064 thousand.
Unsecured Mid-to Long - Term Loan from Bank of Taiwan—Operation Revolving (Note)	57,500	1.125%	The loan amount is 60,000 thousand. Since November 15, 2022, principal is repaid at 1,250 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to second principal have been repaid, and the principal for each period is 1,250 thousand.

Creditor	December 31, 2022	rate (%)	Maturity date and terms of repayment
Unsecured Mid-to Long - Term Loan from First Commercial Bank— Operation Revolving (Note)	47,759	1.125%	The loan amount is 48,775 thousand. Since December 15, 2022, principal is repaid at 1,016 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, the first principal has been repaid, and the principal for each period is 1,016 thousand.
Unsecured Mid-to Long - Term Loan from E. Sun Bank—Machinery (Note)	59,304	1.125%	The loan amount is 66,200 thousand. Since August 15, 2022, principal is repaid at 1,379 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to fifth principal have been repaid, and the principal for each period is 1,379 thousand.
Unsecured Mid-to Long - Term Loan from Taishin Bank—Machinery (Note)	37,392	1.125%	The loan amount is 49,200 thousand. Since July 15, 2022, principal is repaid at 1,968 thousand in 25 monthly payments with monthly interest payments. As of December 31, 2022, first to sixth principal have been repaid, and the principal for each period is 1,968 thousand.
Unsecured Mid-to Long - Term Loan from Chang Hwa Bank—Machinery (Note)	2,579	1.125%	The loan amount is 2,610 thousand. Since November 15, 2022, principal is repaid at 31 thousand in 83 monthly payments with monthly interest payments. As of December 31, 2022, the first principal has been repaid, and the principal for each period is 31 thousand.
Unsecured Mid-to Long - Term Loan from Bank of Taiwan—Machinery (Note)	34,960	1.125%	The loan amount is 36,480 thousand. Since November 15, 2022, principal is repaid at 760 thousand in 48 quarterly payments with monthly interest payments. As of December 31, 2022, first to second principal have been repaid, and the principal for each period is 760 thousand.
Less: Due within one year	(160,200)		
Total	<u>\$1,226,647</u>		

Note : The Company apply 「Action Plan for Overseas Taiwanese Businesses to Return to Invest in Taiwan」, restricted use of financing for plant facilities or purchase of machinery and equipment and operation revolving fund. Interest rate ranges and due date as follow :

Item	December 31, 2022	December 31, 2022
	Operation Revolving	Machinery
Interest rate ranges	1.1250%	1.1250%
Due date	August 21, 2024~ November 15, 2026	August 6, 2024~ October 15, 2029
Unused mid-to long-term lines of credits amounted	—	—

- C. On August 17, 2020, the Company signed a syndicated loan agreement for 5 years with Taishin Bank, the lead bank of the syndicated loan, and 10 other banks. The aggregate amount of credit line of the syndicated loans was \$2,200,000 thousand. The contract term was five years from the initial drawdown date.

The important matters in syndicated loan agreement as follows :

- (a) Credit method in syndicated loan agreement as follows :

I. A : Mid-term demand loan revolving of 2,200,000 thousand.

II. B : Commercial paper guarantee revolving of 1,320,000 thousand.

The total credit lines of A and B do not exceed 2,200,000 thousand, and total used balance shall not exceed the total amount of credit.

- (b) Financial ratios : sustain their financial ratios and standards during the loan period :

I. Current Ratio $\left[\frac{\text{Current assets}}{\text{Current liabilities}} \right]$: not lower than 100%

II. Leverage ratio $\left[\frac{\text{Total liabilities}}{\text{Tangible net value} *} \right]$: not higher than 180%

III. Times interest earned $\left[\frac{\text{Income before tax} + \text{Interest expenses} + \text{depreciation expense} + \text{amortization expense}}{\text{Interest expenses}} \right]$: not lower than 400%

IV. Tangible net value * : not lower than NT\$1,600,000 thousand

* 「Tangible net value」 is equity minus intangible assets.

The above financial ratios and standards of each section shall according to the content of annual consolidated financial statement and the consolidated financial statement of second quarter which are verified by the accountant and be checked once every six months. The Company self-checked according to the financial statements on December 31, 2023 and 2022, and there is no default. Next check is the second quarter of 2024.

(11) Post-employment benefits plan

A. Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were \$ 8,529 thousand and \$8,313 thousand, respectively.

B. Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average monthly salary prior to retirement. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$167 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The average duration of the defined benefits plan obligation as of December 31, 2023 and 2022 are 17 years and 16 years, respectively.

C. The pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022 are as follows :

	For the years ended December 31,	
	2023	2022
Current period service costs	—	—
Net interest on the net defined benefit liabilities	\$ (9)	\$5
Total	<u>\$ (9)</u>	<u>\$5</u>

D. Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows :

	December 31, 2023	December 31, 2022	January 1, 2022
Defined benefit obligation	\$ 7,417	\$5,714	\$6,526
Plan assets at fair value	(6,512)	(6,338)	(5,729)
Net defined benefit liabilities recognized on the consolidated balance sheets	<u>\$ 905</u>	<u>\$(624)</u>	<u>\$(797)</u>

Reconciliations of liability (asset) of the defined benefit plan is as follows:

	As at		
	Defined benefit obligation	Plan assets at fair value	Net defined benefit liability (asset)
As of January 1, 2022	\$6,526	\$(5,729)	\$797
Current service costs	—	—	—
Net interest expense (income)	46	(41)	5
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	<u>46</u>	<u>(41)</u>	<u>5</u>
Remeasurements of the net defined benefit liability (asset) :			
Actuarial gains and losses arising from changes in demographic assumptions	126	—	126
Actuarial gains and losses arising from changes in financial assumptions	(761)	—	(761)
Experience adjustments	(223)	—	(223)
Remeasurements of the defined benefit asset	—	(426)	(426)
Subtotal	<u>(858)</u>	<u>(426)</u>	<u>(1,284)</u>
Payment of benefit obligation	—	—	—
Contributions by employer	—	(142)	(142)
Effect of changes in foreign exchange rates	—	—	—
As of December 31, 2022	<u>5,714</u>	<u>(6,338)</u>	<u>(624)</u>
Current service costs	—	—	—
Net interest expense (income)	85	(94)	(9)
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	<u>85</u>	<u>(94)</u>	<u>(9)</u>
Remeasurements of the net defined benefit liability (asset) :			
Actuarial gains and losses arising from changes in demographic assumptions	—	—	—
Actuarial gains and losses arising from changes in financial assumptions	(1,365)	—	(1,365)
Experience adjustments	3,082	—	3,082
Remeasurements of the defined benefit asset	—	(12)	(12)
Subtotal	<u>1,717</u>	<u>(12)</u>	<u>1,705</u>
Payment of benefit obligation	(99)	99	—
Contributions by employer	—	(167)	(167)
Effect of changes in foreign exchange rates	—	—	—
As of December 31, 2023	<u>\$7,417</u>	<u>\$(6,512)</u>	<u>\$905</u>

The principal assumptions used in determining the Company's defined benefit plan are shown below :

	December 31, 2023	December 31, 2022
Discount rate	1.42%	1.49%
Expected rate of salary increases	2.00%	3.00%

A sensitivity analysis for significant assumption as of December 31, 2023 and 2022, is as shown below :

	For the years ended December 31,			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.5%	—	\$587	—	\$444
Discount rate decrease by 0.5%	\$711	—	\$487	—
Future salary increase by 0.5%	\$703	—	\$477	—
Future salary decrease by 0.5%	—	\$586	—	\$440

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(12) Equities

A. Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were both \$1,500,000 thousand, and issued were both \$1,020,409 thousand with 102,041 thousand shares, each at a par value of NT\$10.

B. Additional paid-in capital

	December 31, 2023	December 31, 2022
Share premium	\$629,858	\$833,940
Acquiring or disposing subsidiaries	38,918	38,918
Total	<u>\$668,776</u>	<u>\$872,858</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the group. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company as stock dividends up to a certain percentage of paid-in capital. The said capital reserve could also be distributed in the form of cash dividends to shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order :

- (a) Reserve for tax payments
- (b) Offset prior years' operation losses
- (c) Legal reserve, which is 10% of leftover profits
- (d) Set aside or reverse special reserve in accordance with law and regulations
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements, domestic and international competition as well as the interest of the shareholders. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. The distribution of stockholders' dividend shall be allocated as cash dividend no less than 20% dividend.

According to the Company Act, the Company needs to set aside an amount to legal reserves unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserves that exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When reserve distribution, the company has already set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity when the Company adopted IFRS in the first time. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions : On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserves. Later when the company uses, disposes of, or reclassifies the relevant assets, it may reverse to distributable earnings a proportional amount of the special reserves originally set aside.

As of December 31, 2023 and 2022, special reserve set aside for the first-time adoption of IFRS amounts to \$34,253 thousand. The Company complies with Order No. Jin-Guan-Zheng-Fa-1010012865 issued by the FSC on April 6, 2012, the special capital reserve \$29,114 thousand was reversed and \$82,033 thousand was set aside in 2023 and 2022 respectively. As of December 31, 2023 and 2022, special capital reserve amounted to \$133,965 thousand and \$163,079 thousand respectively.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 8, 2024 and June 19, 2023 respectively, are as follows :

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 17,693	\$41,801	—	—
Set Special reserve(Reverse)	\$66,400	(\$29,114)	—	—
Common stock -cash dividend(Note)	\$91,837	\$153,061	\$0.90	\$1.50

Note : The board of directors's meeting held on March 8, 2024 and March 21, 2023 resolve to distribute the dividends in form of cash of 2023 and 2022 by an extraordinary resolution.

The Company's board of directors who is authorized by the articles made a resolution to distribute \$112,245 thousand and 204,082 thousand in capital reserve with NT\$1.10 and NT\$2.00 per share as cash dividends of 2023 and 2022 on March 8, 2024 and March 21, 2023, respectively.

The appropriation of 2023 unappropriated retained earnings has not yet been approved by the stockholder's meeting as of the reporting date. Information relevant to the Board of Directors' meeting recommendations and stockholders' meeting approval can be obtained from the "Market Observation Post System" on the website of the TWSE.

Please refer to Note 6. (16), Page 55-56, for information on the employees and directors' compensation.

(13) Net revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 3,580,814	\$4,310,010
Other operating revenue	1,550,738	1,964,390
Total	\$ 5,131,552	\$6,274,400

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
TO Leadframe	\$ 1,670,225	\$1,952,920
Discrete device	1,262,391	1,676,507
Module	648,198	680,583
Other	1,550,738	1,964,390
Total	<u>\$ 5,131,552</u>	<u>\$6,274,400</u>
Timing of revenue recognition :		
At a point in time	<u>\$ 5,131,552</u>	<u>\$6,274,400</u>

B. Contract balances

Contract liabilities — current

	December 31, 2023	December 31, 2022	January 1, 2022
Sale of goods	<u>\$ 5,585</u>	<u>\$ 8,653</u>	<u>\$ 17,750</u>

The significant changes in the Group balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$(4,515)	\$(13,612)
Deducting the amount incurred and transferred to revenue during the period	\$(5,326)	\$(5,149)
Increase in receipt in advance during the period	\$6,773	\$9,664

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from the costs to obtain or fulfil a contract with a customer

None.

(14) Expected credit loss (gain)

	For the years ended December 31,	
	2023	2022
Operating expense – Expected credit loss (gain)		
Contract asset	—	—
Notes receivables	—	—
Account receivables	\$(55)	\$(53)
Total	<u>\$(55)</u>	<u>\$(53)</u>

Please refer to Note 12.(4), Page 65-66, for more details on credit risk.

The Group measures the loss allowance of its receivables (including note receivables and account receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 are as follows:

The Group needed to consider the grouping by counterparties' credit rating, geographical region and industry sector, and its loss allowance is measure by using expected credit loss, details as follows:

<u>December 31, 2023</u>							
	Neither past	Past due					Total
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$938,641	\$6,559	\$2,974	—	—	—	\$948,174
Loss ratio	—	0.01%-10%	1%-15%	—	—	—	
Lifetime expected credit losses	—	(2)	(31)	—	—	—	(33)
Subtotal	\$938,641	\$6,557	\$2,943	—	—	—	\$948,141

<u>December 31, 2022</u>							
	Neither past	Past due					Total
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$987,978	\$22,001	\$116	—	—	—	\$1,010,095
Loss ratio	—	0.01%-10%	1%-15%	—	—	—	
Lifetime expected credit losses	—	(87)	(1)	—	—	—	(88)
Subtotal	\$987,978	\$21,914	\$115	—	—	—	\$1,010,007

Note: Not any of the Company's note receivables was past due.

The movement in the provision for impairment of receivables for the years ended December 31, 2023 and 2022 are as follows:

	<u>Account receivables</u>
As of January 1, 2022	\$139
Charge (revisal) of current period	(53)
Effect of changes in exchange rate	2
As of December 31, 2022	88
Charge (revisal) of current period	(55)
Effect of changes in exchange rate	—
As of December 31, 2023	\$33

(15) Leases

(2) Group as a lessee

The Group leases various properties, including real estate such as land, buildings and Leasehold improvements. The lease terms between 3 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

	December 31, 2023	December 31, 2022
Land	\$72,671	\$75,711
Leasehold improvements	2,071	2,175
Buildings and facilities	4,328	9,817
Total	<u>\$79,070</u>	<u>\$87,703</u>

During the years ended of December 31, 2023 and 2022, the Group's additions to right-of-use assets amounted to \$0 thousand and \$1,058 thousand, respectively.

II. Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	<u>\$106,708</u>	<u>\$115,374</u>
Current	\$7,578	\$8,666
Non-current	99,130	106,708
Total	<u>\$106,708</u>	<u>\$115,374</u>

Please refer to Note 6.(17)(D), Page 57, for the interest on lease liability recognized during 2023 and 2022 and Note 12.(5), Page 66, for the maturity analysis of lease liabilities as of December 31 ,2023 and 2022.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Land	\$2,786	\$2,788
Leasehold improvements	65	66
Buildings and facilities	5,489	5,721
Total	<u>\$8,340</u>	<u>\$8,575</u>

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$14,911	\$16,318
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	87	69

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounted to \$26,758 thousand and \$28,510 thousand, respectively.

(e) Other information relating to leasing activities

Extension and termination options

Some of the Group's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Group is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Group. The Group would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

(3) Group as a lessor

Please refer to Note 6.(6), Page 38, for relevant disclosure of the Group's own occupied investment property and right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2023	2022
Lease income for operating leases	\$31,419	\$31,419

Please refer to Note 6.(6),Page 38, for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follow:

	December 31, 2023	December 31, 2022
Not later than one year	\$31,544	\$31,419
Later than one year and not later than two years	32,915	31,544
Later than two year and not later than three years	32,915	32,915
Later than three year and not later than four years	33,040	32,915
Later than four year and not later than five years	31,544	33,040
Later than five years	—	31,544
Total	<u>\$161,958</u>	<u>\$193,377</u>

(16) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function Nature	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$393,293	\$215,379	\$608,672	\$417,822	\$213,451	\$631,273
Labor and health insurance	\$46,919	\$15,613	\$62,532	\$45,517	\$14,656	\$60,173
Pension	\$10,946	\$5,178	\$16,124	\$11,266	\$3,783	\$15,049
Other employee benefits expense	\$9,829	\$9,472	\$19,301	\$10,753	\$10,479	\$21,232
Depreciation	\$162,598	\$43,255	\$205,853	\$162,209	\$42,563	\$204,772
Amortization	\$415	\$1,547	\$1,962	\$349	\$2,117	\$2,466

According to the Company's Articles of Incorporation, 2% ~ 10% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 3.35% and 0.81%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee salary expense at \$8,000 thousand and \$1,920 thousand for the year ended December 31, 2023, respectively. A fixed monthly remuneration for the independent directors were recognized as employee salary expense at \$1,440 thousand.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 2.15% and 0.51%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee salary expense at \$10,000 thousand and \$2,400 thousand for the year ended December 31, 2022, respectively. A fixed monthly remuneration for the independent directors were recognized as employee salary expense at \$1,440 thousand.

Actual payment is \$10,000 thousand and \$2,400 thousand as employees' compensation and remuneration to directors for the year of 2022, respectively. There were no material differences between the actual amount and the estimated amount which recognized in the year of 2022.

(17) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Finance asset measured at amortized cost — Bank deposit	\$ 15,455	\$5,420

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 2,941	\$3,580
Others income – other	13,835	10,002
Total	\$ 16,776	\$13,582

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange losses, net	\$ 51,509	\$98,355
Gains on disposal of property, plant and equipment	1,300	17
Others	(626)	(1,720)
Total	\$ 52,183	\$96,652

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$ 32,823	\$28,552
Interest on lease liabilities	1,547	1,670
Total	<u>\$ 34,370</u>	<u>\$30,222</u>

(18) Components of other comprehensive income

For the year ended December 31, 2023 :

	Arising during the period	Reclassificati on adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified to profit or loss :					
Remeasurements of defined benefit pension plans	\$ (1,706)	—	\$ (1,706)	—	\$ (1,706)
Items that may be reclassified subsequently to profit or loss :					
Exchange differences on translation of foreign operations	(83,000)	—	(83,000)	\$ 16,600	(66,400)
Total of other comprehensive income (loss)	<u>\$ (84,706)</u>	<u>—</u>	<u>\$ (84,706)</u>	<u>\$ 16,600</u>	<u>\$ (68,106)</u>

For the year ended December 31, 2022 :

	Arising during the period	Reclassificati on adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensiv e income	Other comprehensive income, net of tax
Items that will not to be reclassified to profit or loss :					
Remeasurements of defined benefit pension plans	\$1,284	—	\$1,284	—	\$1,284
Items that may be reclassified subsequently to profit or loss :					
Exchange differences on translation of foreign operations	36,393	—	36,393	\$(7,279)	29,114
Total of other comprehensive income (loss)	<u>\$37,677</u>	<u>—</u>	<u>\$37,677</u>	<u>\$(7,279)</u>	<u>\$30,398</u>

(19) Income tax

- A. The major components of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

(a) Income tax expense (benefit) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2021</u>
Current income tax expense (benefit):		
Current income tax charge	\$96,789	\$127,332
Adjustments in respect of current income tax of prior periods	(11,704)	(13,987)
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) relating to origination and reversal of temporary differences	10,282	(2,554)
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	—	929
Others	1,858	(560)
Total income tax expense	<u>\$ 97,225</u>	<u>\$111,160</u>

(b) Income tax recognized in other comprehensive income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Deferred tax expense (benefit):		
Exchange differences on translation of foreign operations	<u>\$ (16,600)</u>	<u>\$7,279</u>

- B. The reconciliation of income tax expense and income tax based on pre-tax net income at the statutory tax rate was as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Accounting profit before tax from continuing operations	<u>\$ 275,862</u>	<u>\$ 527,886</u>
Tax at the domestic rates applicable to profits in the country concerned	<u>\$ 107,435</u>	<u>\$181,305</u>
Tax effect of revenues exempt from taxation	30,962	—
Tax effect of expenses not deductible for tax purposes	(2,015)	(2,338)
Tax effect of deferred tax assets/liabilities	(40,719)	(60,288)
Corporate income surtax on undistributed retained earnings	12,130	6,468
Adjustments in respect of current income tax of prior periods	<u>(10,568)</u>	<u>(13,987)</u>
Total income tax expense recognized in profit or loss	<u>\$ 97,225</u>	<u>\$111,160</u>

C. Balance of deferred income tax assets (liabilities) relate to the following:
For the year ended December 31, 2023 :

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange (losses)	\$ 3,191	\$ (2,532)	—	\$ 659
Allowance for bad debts	(841)	126	—	(715)
Allowance for inventory valuation	6,687	(18)	—	6,669
Share of profit (loss) of subsidiaries accounted for using the equity method	(52,867)	(9,057)	—	(61,924)
Depreciation difference for tax purposed – ductible	12,365	(3,721)	—	8,644
Depreciation difference for tax purpose – taxable	(17,235)	1,074	—	(16,161)
Downstream transaction not realized	1,553	(729)	—	824
Exchange differences on translation of foreign operations	31,810	—	\$16,600	48,410
Temporary differences in prepaid annuities	(1,687)	185	—	(1,502)
Other	833	(209)	—	624
Deferred tax income/ (expense)		<u>\$ (14,881)</u>	<u>\$ 16,600</u>	
Net deferred income tax assets/(liabilities)	<u>\$ (16,191)</u>			<u>\$ (14,472)</u>
Reflected in balance sheet as follows:				
Deferred income tax assets	<u>\$56,513</u>			<u>\$65,830</u>
Deferred income tax liabilities	<u>\$ (72,704)</u>			<u>\$ (80,302)</u>

For the year ended December 31, 2022 :

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange (losses)	\$ (711)	\$3,902	—	\$3,191
Allowance for bad debts	(1,231)	390	—	(841)
Allowance for inventory valuation	7,170	(483)	—	6,687
Share of profit (loss) of subsidiaries accounted for using the equity method	(50,093)	(2,774)	—	(52,867)
Depreciation difference for tax purpose – ductible	13,293	(928)	—	12,365
Depreciation difference for tax purpose – taxable	(14,969)	(2,266)	—	(17,235)
Downstream transaction not realized	1,200	353	—	1,553
Exchange differences on translation of foreign operations	39,089	—	\$ (7,279)	31,810
Temporary differences in prepaid annuities	(4,777)	3,090	—	(1,687)
Other	492	341	—	833
Deferred tax income/ (expense)		<u>\$1,625</u>	<u>\$ (7,279)</u>	
Net deferred income tax assets/(liabilities)	<u>\$ (10,537)</u>			<u>\$ (16,191)</u>
Reflected in balance sheet as follows:				
Deferred income tax assets	<u>\$61,437</u>			<u>\$56,513</u>
Deferred income tax liabilities	<u>\$ (71,974)</u>			<u>\$ (72,704)</u>

D. Unrecognized deferred income tax liabilities related to investment subsidiaries

The company may generate income tax payable when repatriating undistributed surplus of some subsidiaries. The related deferred income tax liabilities were not recognized because of the company has decided not to distribute the earnings of subsidiaries in the foreseeable future. As of December 31, 2023 and 2022, the amount of taxable temporary differences not recognized as deferred income tax was \$ 118,894 thousand and \$123,356 thousand, respectively.

E. The assessment of income tax returns

As of December 31, 2023, the assessments of the income tax returns of the Company and its subsidiaries are as follows :

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Subsidiary- Jih Li Technology Co., Ltd	Assessed and approved up to 2021

(20) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributes to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributes to ordinary equity owners of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
A. Basic earnings per share		
Net income	\$178,637	\$416,726
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	102,041
Basic earnings per share (NT\$)	\$1.75	\$4.08
B. Diluted earnings per share		
Net income	\$178,637	\$416,726
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	102,041
Effect of dilution :		
Employee compensation — stock (thousand shares)	111	166
Weighted average number of common stocks after dilution(thousand shares)	102,152	102,207
Diluted earnings per share (NT\$)	\$1.75	\$4.08

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Jih Long Industry Co., Ltd.	Other related parties
Jih Hong Electronic Co., Ltd.	Other related parties
Jih Yin Precision Co., Ltd.	Other related parties
Hongxiu International Investment Co., Ltd	Other related parties
Weishan International Investment Co., Ltd	Other related parties
MOSPEC Semiconductor Corp.	Other related parties
Tsai, Shang-Yen and other nine people	Key management personal of the Group

Significant transactions with the related parties

(1) Sales

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 1,023</u>	<u>\$381</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection periods to foreign customers were month-end 30~180 days, and non-related parties domestic and foreign customers were month-end 30~180 days. The receivables from the related parties were not guaranteed.

(2) Purchase

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 15</u>	<u>\$2,530</u>

The purchase price from the related parties was determined through mutual agreement in reference to market conditions. The payment periods to related parties were the same with other company, and were month-end three months.

(3) Receivables -related parties

	<u>December 31,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 380</u>	<u>\$32</u>

The credit conditions for the account receivable of the related parties are collection within 90 days after the sale which is equivalent to that of general customers.

(4) Account payables - related parties

	December 31, 2023	December 31, 2022
Other related parties	—	\$1,391

The credit conditions for the account payable of the related parties are payment within 90 days after the purchase which is equivalent to that of general supplier.

(5) Other payables - related parties

	December 31, 2023	December 31, 2022
Other related parties	\$ 4,507	\$8,227

(6) Lease - related parties

Rent Expense

	For the years ended December 31, 2023	2022
Other related parties	\$ 720	\$720

Right-of-use assets (The ending balance of the right-of-use asset acquired by lease from the related party)

	December 31, 2023	December 31, 2022
Other related parties		
Jih Hong Electronic Co., Ltd	\$ 3,445	\$6,891
Others	530	2,221
Total	\$ 3,975	\$9,112

Lease liabilities (The ending balance of lease liability payable to the related party)

	December 31, 2023	December 31, 2022
Other related parties		
Jih Hong Electronic Co., Ltd	\$3,690	\$7,330
Others	568	2,321
Total	\$ 4,258	\$9,651

Interest expense (The interest amount of lease liability payable to the related party)

	For the years ended December 31, 2023	2022
Other related parties	\$ 93	\$171

(7) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 19,826	\$18,047
Post-employment benefits	529	467
Total	<u>\$ 20,355</u>	<u>\$18,514</u>

(8) Commissioned processing

	For the years ended December 31,	
	2023	2022
Other related parties	<u>\$ 16,456</u>	<u>\$27,459</u>

8. Assets Pledged as Collateral

None

9. Commitments and Off Balance Sheet Commitments

- (1) As of December 31, 2023, the Group had opened an unused letter of credit amounting to USD 1,419 thousand and JPY 12,927 thousand.
- (2) As of December 31, 2023, the Group had customs bond and the guarantees provided by bank to custom amounting to NT\$ 4,500 thousand.
- (3) As of December 31, 2023, please Note 13.(1), Page 70, for the endorsement guarantee provided by the Company.

10. Losses Due to Major Disasters

None

11. Significant Subsequent Events

None

12. Others

(1) Categories of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	\$1,088,628	\$858,840
Notes receivables and Account receivables (including related parties)	948,141	1,010,007
Other receivables (including related parties)	34,239	64,104
Refundable deposits	1,823	3,751
Total	<u>\$ 2,072,831</u>	<u>\$1,936,702</u>

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	\$352,084	\$292,453
Notes payables, account payables and other payables (including related parties)	396,289	455,163
Long-term borrowings (including current portion)	1,319,147	1,386,847
Lease liabilities (including related parties)	106,708	115,374
Total	<u>\$ 2,174,228</u>	<u>2,249,837</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk preference.

The Group has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and JPY. The information of the sensitivity analyses is as follows:

- A. When NTD increased / decreased USD by 1%, the profit for the years ended December 31, 2023 and 2022 is increased by \$10,455 thousand and \$6,838 thousand, respectively, when NTD increase. And decreased by \$(10,455) thousand and \$(6,838) thousand, respectively, when NTD decrease.
- B. When NTD increased / decreased JPY by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased by \$(105) thousand and increased by \$(59) thousand, respectively, when NTD increase. And it increased by NT\$105 thousand and decreased by NT\$59 thousand, respectively, when NTD decrease.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT\$1,671 thousand and NT\$1,679 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2023 and 2022, amounts receivables from top ten customers represent 37.09% and 33.88%, respectively, of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2023					
Borrowings	\$508,640	\$1,121,244	\$54,261	\$317	\$1,684,462
Accounts payables	\$394,984	—	—	—	\$394,984
Lease liabilities	\$9,013	\$8,735	\$8,735	\$106,473	\$132,956
December 31, 2022					
Borrowings	\$458,617	\$1,166,191	\$65,238	\$703	\$1,690,749
Accounts payables	\$454,024	—	—	—	\$454,024
Lease liabilities	\$10,213	\$13,381	\$8,735	\$110,840	\$143,169

(6) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities :

- (a) The carrying amount of cash and cash equivalents, account receivables, other receivables, other current assets, accounts payable, other payables and current portion of long-term borrowings approximate their fair value.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- (c) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc).
- (d) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payable, other receivables and refundable deposits whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below :

	Carrying Amount	
	December 31, 2023	December 31, 2022
Financial liabilities		
Short-term borrowings	\$352,084	\$292,453
Long-term borrowings (including current portion)	\$1,319,147	\$1,386,847
	Fair value	
	December 31, 2023	December 31, 2022
Financial liabilities		
Short-term borrowings	\$352,084	\$292,453
Long-term borrowings (including current portion)	\$1,311,548	\$1,379,838

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (8), Page 68-69, for fair value measurement hierarchy for financial instruments of the Group.

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023 :

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$292,453	\$1,386,847	\$115,374	\$1,794,674
Cash flows	59,631	(67,700)	(10,213)	(18,282) (Note1)
Non-cash changes				
Interest expense	—	—	1,547	1,547
As of December 31, 2023	\$352,084	\$1,319,147	\$106,708	\$1,777,939

Note 1: The amount does not include interest paid of 32,657 thousand and cash dividend of 357,143 thousand.

Reconciliation of liabilities for for the year ended December 31, 2022 :

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$192,189	\$1,465,765	\$123,099	\$1,781,053
Cash flows	100,264	(78,918)	(10,453)	10,893 (Note2)
Non-cash changes				
Interest expense	—	—	2,728	2,728
As of December 31, 2022	\$292,453	\$1,386,847	\$115,374	\$1,794,674

Note 2: The amount does not include interest paid of 27,703 thousand and cash dividend of 408,164 thousand.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

Investment properties held by the Group are not measured at fair value. The fair value measurements of the investment properties were categorized within Level 3. The fair value of investment property is equivalent to the carrying value as of December 31, 2023 and 2022.

(9) Significant assets and liabilities denominated in foreign currencies (excluding functional currency)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below :

	December 31, 2023			December 31, 2022		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>						
Monetary item :						
USD	\$36,073	30.705	\$1,107,617	\$27,163	30.710	\$834,161
JPY	\$104,458	0.2172	\$22,688	\$43,965	0.2324	\$10,217
<u>Financial liability:</u>						
Monetary item :						
USD	\$2,022	30.705	\$62,087	\$4,895	30.710	\$150,319
JPY	\$55,920	0.2172	\$12,146	\$69,341	0.2324	\$16,115

Functional currencies of entities of the Group are varied. Accordingly, the Group is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were \$51,509 thousand and \$98,355 thousand for the years ended December 31, 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) Information at significant transactions and on investees for the year ended December 31, 2023 :

- A. Financing provided to others : None.
- B. Endorsement/Guarantee provided to others : Please refer to Attachment 1.
- C. Securities held (excluding subsidiaries, associates and joint venture) : None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100,000 thousand or 20 percent of the capital stock : None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300,000 thousand or 20 percent of the capital stock : None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300,000 thousand or 20 percent of the capital stock : None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100,000 thousand or 20 percent of the capital stock : Please refer to Attachment 2.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100,000 thousand or 20 percent of capital stock : None.
- I. Financial instruments and derivative transactions : None.
- J. Others: significant intercompany relationships and significant intercompany transactions : Please refer to Attachment 3.
- K. Names, locations and related information of investees: Please refer to Attachment 4.

(2) Information on investments in mainland China

- A. Information on investments in mainland China : Please refer to Attachment 5.
- B. Significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses for the year ended December 31, 2023 :
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period : Please refer to Attachment 6.
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period : Please refer to Attachment 6.
 - (c) The amount of property transactions and the amount of the resultant gains or losses : None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes : None.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds : None.
 - (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position : None.

(3) Information of major shareholders : Please refer to Attachment 7.

14. Segment Information

(1) Industry financial information :

The principal activities of the Company and subsidiaries are to tooling manufacture 、lead frame manufacture and sales service. Because a single industry does not need to disclose its segment information.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

(2) Geographic areas information

Revenue from external customers :

	For the year ended December 31,	
	2023	2022
Taiwan	\$ 540,125	\$513,606
China	2,070,363	2,559,284
Others	2,521,064	3,201,510
Total	<u>\$5,131,552</u>	<u>\$66,274,400</u>

Non-current assets :

	December 31, 2023	December 31, 2022
Taiwan	\$934,646	\$996,309
China	544,205	594,576
Others	193,172	213,482
Total	<u>\$1,672,023</u>	<u>\$1,804,367</u>

Major customers

	For the year ended December 31,	
	2023	2022
Customer A	7.08%	5.55%
Customer B	7.02%	5.35%
Customer C	6.01%	4.90%

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 1

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS :

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement / Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries (Note 7)	Endorsement provided to subsidiaries in Mainland China (Note 7)
	Name	Name	Relationship (Note 2)									
0	Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn. Bhd	2	\$1,442,923	\$ 100,000	\$100,000	—	—	0.00%	\$ 2,308,676	Y	N
0	Jih Lin Technology Co., Ltd	SH Precision Co.,Ltd	2	\$1,442,923	\$ 550,000	\$550,000	\$ 102,084	—	3.54%	\$ 2,308,676	Y	N

Note 1 : Companies are coded as follows:

(1) Jih Lin Technology Co., Ltd. is coded "0"

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with the Company.

(2) A subsidiary in which the Company holds directly over 50% of common equity interest.

(3) An investee in which the Company and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 50% or indirectly over 50% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to the Company, and vice versa, due to contractual requirements.

(6) A company in which the Company jointly invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.

Note 3 : According to regulations of endorsements/guarantees, the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares

The amount of guarantees/endorsements provided to a single entity is limited to \$ 1,442,923 thousand that 50% of the Company's net worth of \$ 2,885,845 thousand as of September 30, 2023; the maximum amount for guarantees/endorsement is \$ 2,308,676 thousand that 80% of the Company's net worth of \$ 2,885,845 thousand as of September 30, 2023

Note 4 : Maximum balance of endorsements/guarantees provided to others for current period.

Note 5 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson

Note 6 : The company which endorsements/guarantees by the Company should disclosed the amount actually drawn within ending balance.

Note 7 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in Mainland China area coded "Y".

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 2

RELATED PARTY TRANSACTIONS FOR PURCHASES AND SALES AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK :

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases/ Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	Subsidiary	Purchases	\$278,047	18.87%	120 days	NA	NA	Accounts Payables \$92,166	72.89%	
Suzhou SH Precision Co., Ltd.	SH Precision Co., Ltd	Associates	Sales	\$144,295	14.11%	60 days	NA	NA	Accounts Receivables \$32,157	13.44%	
Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd	Associates	Purchases	\$138,342	24.32%	60 days	NA	NA	Accounts Payables \$ 9,031	8.90%	

Note 1: If the related party's transaction conditions are different from the general transaction conditions, the unit price and credit period column should state the difference and the reason.

Note 2: If there is an advance receipt (prepayment), the reason, payment terms, amount, and differences from the general transaction type should be stated in the Remark column.

Note 3: Capital stock refers to the stock of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the capital stock shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 4: All the above transactions were eliminated on consolidation.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 3

THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES :

No. (Note 1)	Company Name	Counter Party	Relationship with the Company (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Jih Lin Technology Co., Ltd	Jih Li Technology Co., Ltd	1	Cost of goods sold- Processing fee	\$53,202	90 days	1.04%
0	Jih Lin Technology Co., Ltd	Jih Li Technology Co., Ltd	1	Other payables	\$16,518	90 days	0.32%
0	Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd..	1	Sales	\$15,342	120 days	0.30%
0	Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd.	1	Accounts receivable	\$5,909	120 days	0.11%
0	Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd.	1	Cost of goods sold	\$40,845	120 days	0.80%
0	Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd.	1	Accounts payable	\$7,308	120 days	0.14%
0	Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	1	Cost of goods sold	\$278,047	120 days	5.42%
0	Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	1	Accounts payable	\$92,166	120 days	1.78%
0	Jih Lin Technology Co., Ltd.	Malaysian SH Precision Sdn Bhd	1	Sales	\$90,229	60 days	1.76%
0	Jih Lin Technology Co., Ltd.	Malaysian SH Precision Sdn Bhd	1	Accounts receivable	\$8,023	60 days	0.16%
0	Jih Lin Technology Co., Ltd.	SH Precision Co.,Ltd	1	Sales	\$52,839	60 days	1.03%
0	Jih Lin Technology Co., Ltd.	SH Precision Co.,Ltd	1	Accounts receivable	\$13,465	60 days	0.26%
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Sales	\$144,295	60 days	2.84%

(continued in next page)

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 3(continued)

(continued from previous page)

No. (Note 1)	Company Name	Counter Party	Relationship with the Company (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount (Note 4)	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Accounts receivable	\$32,157	60 days	0.62%
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Cost of goods sold	\$58,523	60 days	1.14%
1	Suzhou SH Precision Co., Ltd.	SH Precision Co.,Ltd	3	Accounts payable	\$34,726	60 days	0.67%
1	Suzhou SH Precision Co., Ltd.	Malaysian SH Precision Sdn. Bhd.	3	Sales	\$9,907	60 days	0.19%
1	Suzhou SH Precision Co., Ltd.	Malaysian SH Precision Sdn. Bhd.	3	Accounts receivable	\$2,600	60 days	0.05%
1	Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd.	3	Sales	\$8,074	60 days	0.16%
1	Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd.	3	Cost of goods sold	\$138,342	60 days	2.70%
1	Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd.	3	Accounts payable	\$9,031	60 days	0.17%

Note 1 : The parent company and its subsidiaries are coded as follows:

(1)The parent company is coded "0".

(2)The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

(1)Transactions from parent company to a subsidiary.

(2)Transactions from subsidiary to the parent company.

(3)Transactions between subsidiaries.

Note 3 : Percentage of consolidated operating revenues or total assets is calculated as follows: for the balance sheet accounts, the ending balance of assets or liabilities divided by consolidated total assets, or for the income statement accounts, the interim accumulated amounts divided by consolidated sales.

Note 4 : All the above transactions were eliminated on consolidation.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 4

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEE IN MAINLAND CHINA) :

Investor Company	Investee Company (Note1.2)	Location	Main business	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee (Note2(2).3)	Investment Income (Loss) Recognized (Note2(3).3)	Note
				Ending Balance	Beginning Balance	Units and Shares	Percentage of Ownership	Carrying Amount			
Jih Lin Technology Co., Ltd	SPEEDY INVESTMENT LIMITED	United States	Investment holding	\$699,204	\$699,204	1	100.00%	\$1,069,082	\$34,199	\$33,853	Subsidiary (Note3)
Jih Lin Technology Co., Ltd	Jih Li Technology Co., Ltd	Taiwan	Lead frame manufacture and sales service	\$50,000	\$50,000	5,000	100.00%	\$60,646	(\$3,769)	\$(3,314)	Subsidiary (Note3)
Jih Lin Technology Co., Ltd	Jih-Linchpin Limited	Samoa	Investment holding	\$80,214	\$80,214	3,000	100.00%	\$798,694	\$69,351	\$70,157	Subsidiary (Note3)
Jih Lin Technology Co., Ltd	SH Precision Co.,Ltd	Japan	Lead frame manufacture and sales service	\$28,913	\$28,913	8	100.00%	\$372,040	\$74,758	\$72,936	Subsidiary (Note3)
Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn. Bhd	Malaysia	Lead frame manufacture and sales service	\$26,843	\$26,843	13,871	100.00%	\$397,364	\$65,937	\$65,149	Subsidiary (Note3)

Note 1: If the public company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

- (1) Column of “Investee company”, “Address”, “Main businesses and products”, “Initial investment” and “Investment as of December 31, 2021” should be filled in order according to the reinvestment status of the public company and each directly or indirectly controlled investment and indicate the relationship between each investee company and the public company (if it is a subsidiary or a grandson company) in the note column.
- (2) The amount of net income (loss) of investee company should be filled in “Net income (loss) of investee company” column.
- (3) In column “Investment income (loss) recognized” only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee company evaluated by the equity method is required, and the rest is not required. When filling in the “recognition of the current profit and loss amount of each subsidiary for direct reinvestment”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3 : All the above transactions were eliminated on consolidation.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 5

INFORMATION ON INVESTMENT IN MAINLAND CHINA :

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment From Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Jinan Jihlong Technology Co., Ltd	Lead frame manufacture and sales service	\$649,784 (USD20,000 Thousands)	(2) SPEEDY INVESTMENT LIMITED	\$649,784 (USD20,000 Thousands)	—	—	\$649,784 (USD20,000 Thousands)	\$32,841	100.00%	(2).B \$32,841	\$1,073,391	\$245,818 (USD7,778 Thousands)
Suzhou SH Precision Co., Ltd.	Lead frame manufacture and sales service	\$807,154 (USD25,075 Thousands)	(2) Jih-Linchpin Limited	\$79,912 (USD2,646 Thousands)	—	—	\$79,912 (USD2,646 Thousands)	\$69,381	100.00%	(2).B \$69,381	\$800,057	—

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$729,696 (USD22,646 thousands)	\$793,601 (USD25,846 thousands)	— (Note 3)

Note 1 : The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

- (1) Direct investment in Mainland China.
- (2) Investment in Mainland China through companies in the third area. (Please specify the name of the company in third region).
- (3) Others.

Note 2 : For the column of investment gain (loss) :

- (1) If there is no investment gain (loss) during the preparation, it should be noted.
- (2) If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows :
 - A.The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
 - B.The financial statements were audited by the auditors of the parent company.
 - C.Other.

Note 3 : The Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Attachment 6

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA_ THE AMOUNT AND PERCENTAGE OF PURCHASE AND THE BALANCE AND PERCENTAGE OF THE RELATED PAYABLES AT THE END OF THE PERIOD :

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases/ Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd	Subsidiary	Sales	\$15,342	0.73%	120 days	NA	NA	Accounts Receivables \$5,909	1.67%	(Note)
Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd	Subsidiary	Purchases	\$40,845	2.77%	120 days	NA	NA	Accounts Payables \$7,308	5.78%	(Note)
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	Subsidiary	Sales	\$825	0.04%	120 days	NA	NA	Accounts Receivables \$801	0.23%	(Note)
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd	Subsidiary	Purchases	\$278,047	18.87%	120 days	NA	NA	Accounts Payables \$92,166	72.89%	(Note)
Suzhou SH Precision Co., Ltd	SH Precision Co., Ltd	Associates	Sales	\$144,295	14.11%	60 days	NA	NA	Accounts Receivables \$32,157	13.44%	(Note)
Suzhou SH Precision Co., Ltd	SH Precision Co., Ltd	Associates	Purchases	\$58,523	10.29%	60 days	NA	NA	Accounts Payables \$ 34,726	34.22%	(Note)
Suzhou SH Precision Co., Ltd	Malaysian SH Precision Sdn. Bhd	Associates	Sales	\$9,907	0.97%	60 days	NA	NA	Accounts Receivables \$2,600	1.09%	(Note)

(continued in next page)

Attachment 6(continued)

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(continued from previous page)

Company Name	Related Party	Nature of Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases/ Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Suzhou SH Precision Co., Ltd	Jinan Jihlong Technology Co., Ltd	Associates	Sales	\$8,074	0.79%	60 days	NA	NA	Accounts Receivables \$—	—	(Note)
Suzhou SH Precision Co., Ltd	Jinan Jihlong Technology Co., Ltd	Associates	Purchases	\$138,342	24.32%	60 days	NA	NA	Accounts Payables \$9,031	8.90%	(Note)

Note : All the above transactions were eliminated on consolidation.

JIH LIN TECHNOLOGY CO., LTD. AND SUBSIDIARIESNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

INFORMATION ON MAJOR SHAREHOLDERS

(In Shares)

Name of Major Shareholders	Share	
	Total Shares Owned	Ownership Percentage
Tsai, Shang-Yen	10,087,550	9.88%
Tsai, Shang-Ming	8,875,000	8.69%

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Company's common and preferred stocks (only the ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

Independent Auditors' Report

To JIH LIN TECHNOLOGY CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of JIH LIN TECHNOLOGY CO., LTD. (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively “the parent company only financial statements”).

In our opinion, the parent company only financial statements referred to above are fairly presented, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and their parent company only financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2023 parent company only financial statements. 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.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Revenue recognition

The net revenue recognized by the Company in 2023 amounted to NT\$2,115,459 thousand, mainly from the sale of semiconductor wire racks and molds produced and manufactured by the Company. The sale of its finished products of semiconductor lead frame involved different trading terms. It is necessary to determine the performance obligations and the time point of their satisfaction, therefore, we considered the recognition of revenue from contracts with customers as a key audit matter. Our audit procedures included, but were not limited to, assessing the appropriateness of the accounting policies for revenue recognition; evaluate and test the effectiveness of the internal control design and execution of revenue recognition, select samples to perform a detailed test of the transaction and review the significant terms and conditions in the contract to confirm the authenticity of the transaction and the correctness of the time point of recognition; review the significant return and discount of goods in the subsequent period to confirm the correctness of the recognition of sales revenue as of the balance sheet date; perform the sales cut-off point test in the period before and after the balance sheet date and to take samples and verify the relevant vouchers to determine the correctness of the transaction recognition point; use audit sampling for confirmations to verify ending balance and important sales terms for accounts receivable; conduct a journal entry testing and examine the preparation or sale of the goods as a transaction. We also assessed the adequacy of disclosures of operating revenue. Please refer to Notes 4 and 6 to the Company's parent company only financial statements.

Valuation for inventories

As of December 31, 2023 the Company's net inventories amounted to NT\$500,536 thousand, which accounted for 10% of total assets and were significant to the Company. As the raw material of the inventories is significantly impacted by international copper price, management has to estimate the trend of copper price and assess purchase quantity based on purchase orders and the production schedule, which will impact the valuation of net realizable value of inventories. Therefore, we determined this a key audit matter. Our audit procedures included, but not limited to, assessing the appropriateness of accounting policies for allowance to reduce inventory to market; considering the internal process of the inventory unit cost and the correctness of calculation; verifying the aging interval of inventory aging schedule and recheck the provision for allowance based on inventory aging; conducting analytical procedures on gross margin; assessing the net realizable value determined by management; and reviewing the management's inventory plan and selecting the important stock location for inventory observation to confirm the quantity and the status of the inventory. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Company's parent company only financial statements.

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 requirements of 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in 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 auditing standards generally accepted in 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 internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding 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 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 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chen, Cheng-Chu

Hung, Kuo-Sen

Ernst & Young, Taiwan

March 8, 2024

English Translation of Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD
PARENT COMPANY ONLY BALANCE SHEET
As of December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and stockholders' equity		December 31, 2023		December 31, 2022	
Items	Note	Amount	%	Amount	%	Items	Note	Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4/ 6. (1)	\$323,614	7	\$293,571	6	Short-term borrowings	6. (10)	\$250,000	6	\$113,505	2
Notes receivable, net	4/ 6. (2),(15)	5,806	0	5,440	0	Contract liabilities - current	6. (14)	5,413	0	5,938	0
Account receivable, net	4/ 6. (3),(15)	326,439	7	377,604	7	Account payable		25,476	1	18,244	0
Account receivable - related parties, net	4/ 6. (3),(15)/ 7	28,459	0	37,754	1	Account payable - related parties	7	100,965	2	89,936	2
Other receivable		1,322	0	2,089	0	Other payable		79,711	2	79,320	2
Other receivable - related parties	7	—	—	97	0	Other payable - related parties	7	19,841	0	31,663	1
Inventories	4,6. (4)	500,536	10	614,306	12	Current tax liabilities	4,6. (20)	14,857	0	38,757	1
Prepayments		4,546	0	6,317	0	Current lease liabilities	4,6. (16)	3,320	0	3,274	0
Other current assets		33	0	3	0	Current portion of long-term borrowings	6. (11)	150,168	3	160,200	3
Total current assets		<u>1,190,755</u>	<u>24</u>	<u>1,337,181</u>	<u>26</u>	Other current liabilities		846	0	476	0
						Total current liabilities		<u>650,597</u>	<u>14</u>	<u>541,313</u>	<u>11</u>
Non-current assets						Non-current liabilities					
Investments accounted for using the equity method	4/ 6. (5)	2,697,826	56	2,700,849	54	Long-term borrowings	6. (11)	1,168,979	24	1,226,647	24
Property, plant, and equipment	4/ 6. (6)/ 7	629,437	13	671,421	13	Deferred tax liabilities	4/ 6. (20)	62,639	1	53,708	1
Right-of use assets	4/ 6. (16)	59,484	1	62,186	1	Non-current lease liabilities	4/ 6. (16)	99,130	2	102,450	2
Investment property, net	4/ 6. (7)	225,238	5	231,671	5	Other non-current liabilities - others		10,000	0	10,000	0
Intangible assets	4/ 6. (8)	1,634	0	1,449	0	Net defined benefit liability, non-current	4/ 6. (12)	905	0	—	—
Deferred tax assets	4/ 6. (20)	56,358	1	43,128	1	Total non-current liabilities		<u>1,341,653</u>	<u>27</u>	<u>1,392,805</u>	<u>27</u>
Other non-current assets	6. (9)	804	0	2,131	0	Total liabilities		<u>1,992,250</u>	<u>41</u>	<u>1,934,118</u>	<u>38</u>
Total non-current assets		<u>3,670,781</u>	<u>76</u>	<u>3,712,835</u>	<u>74</u>						
						Equity attributable to owners of the parent					
						Capital					
						Common stock	6. (13)	<u>1,020,409</u>	<u>21</u>	<u>1,020,409</u>	<u>20</u>
						Total capital		<u>1,020,409</u>	<u>21</u>	<u>1,020,409</u>	<u>20</u>
						Capital surplus	6. (13)	668,776	14	872,858	17
						Retained earnings					
						Legal reserve	6. (13)	297,461	6	255,660	5
						Special reserve	6. (13)	133,965	3	163,079	3
						Unappropriated earinings		949,040	19	937,857	19
						Total retained earnings		<u>1,380,466</u>	<u>28</u>	<u>1,356,596</u>	<u>27</u>
						Other equity		<u>(200,365)</u>	<u>(4)</u>	<u>(133,965)</u>	<u>(2)</u>
						Total equity		<u>2,869,286</u>	<u>59</u>	<u>3,115,898</u>	<u>62</u>
Total assets		<u>\$4,861,536</u>	<u>100</u>	<u>\$5,050,016</u>	<u>100</u>	Total liabilities and equity		<u>\$4,861,536</u>	<u>100</u>	<u>\$5,050,016</u>	<u>100</u>

English Translation of Financial Statements Originally Issued in Chinese

JIH LIN TECHNOLOGY CO., LTD

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Items	Note	2023		2022	
		Amount	%	Amount	%
Net revenue	4/ 6. (14)/ 7	\$2,115,459	100	\$2,621,367	100
Cost of goods sold	4/ 6. (4),(17)/ 7	(1,959,094)	(93)	(2,332,094)	(89)
Gross profit		156,365	7	289,273	11
Unrealized gross profit on sales		(4,119)	(0)	(7,764)	(0)
Realized gross profit on sales		7,764	0	6,001	0
Gross profit, net		160,010	7	287,510	11
Operating expenses	4/ 6. (16),(17)/ 7				
Selling expenses		(33,844)	(2)	(39,481)	(2)
Administrative expenses		(118,547)	(5)	(114,362)	(4)
Research and development expenses		(12,708)	(1)	(10,456)	(0)
Expected credit (losses)	4/ 6. (15)	(30)	0	—	—
Total operating expenses		(165,129)	(8)	(164,299)	(6)
Operating income		(5,119)	(1)	123,211	5
Non-operating income and expenses					
Interest income	6. (18)	4,630	0	924	0
Other income	6. (18)	2,323	0	3,214	0
Other gains and losses	6. (18)	20,039	1	38,439	1
Finance costs	6. (18)	(32,076)	(2)	(26,895)	(1)
Share profit of subsidiaries, associates, and joint ventures accounted for using the equity method	4/ 6. (5)	238,781	12	314,800	12
Total non-operating income and expenses		233,697	11	330,482	12
Net income before income tax		228,578	10	453,693	17
Income tax (expense)	6. (20)	(49,941)	(2)	(36,967)	(1)
Net income		178,637	8	416,726	16
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plan	6.(12),(19)	(1,706)	0	1,284	0
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6. (19)	(83,000)	(4)	36,393	1
Income tax related to items that may be reclassified subsequently to profit or loss	6. (19),(20)	16,600	1	(7,279)	(0)
Total other comprehensive income (loss), net of tax		(68,106)	(3)	30,398	1
Total comprehensive income		\$110,531	5	\$447,124	17
Earnings per share (Expressed in NTD)					
Basic earnings per share	4/ 6. (21)	\$1.75		\$4.08	
Diluted earnings per share	4/ 6. (21)	\$1.75		\$4.08	

English Translation of Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Items	Common stock	Capital surplus	Retained earnings			Other Equity	Total Equity
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign operations	
Balance as of January 1, 2022	\$1,020,409	\$1,076,940	\$208,945	\$81,046	\$852,677	\$(163,079)	\$3,076,938
Appropriation and distribution of 2021 retained earnings:							
Legal reserve	—	—	46,715	—	(46,715)	—	—
Special reserve	—	—	—	82,033	(82,033)	—	—
Cash dividends	—	—	—	—	(204,082)	—	(204,082)
Cash dividends distributed from capital surplus	—	(204,082)	—	—	—	—	(204,082)
Profit for the year ended December 31, 2022	—	—	—	—	416,726	—	416,726
Other comprehensive income for the years ended December 31, 2022	—	—	—	—	1,284	29,114	30,398
Total comprehensive income	—	—	—	—	418,010	29,114	447,124
Balance as of December 31, 2022	<u>\$1,020,409</u>	<u>\$872,858</u>	<u>\$255,660</u>	<u>\$163,079</u>	<u>\$937,857</u>	<u>\$(133,965)</u>	<u>\$3,115,898</u>
Balance as of January 1, 2023	\$1,020,409	\$872,858	\$255,660	\$163,079	\$937,857	\$(133,965)	\$3,115,898
Appropriation and distribution of 2022 retained earnings:							
Legal reserve	—	—	41,801	—	(41,801)	—	—
Cash dividends	—	—	—	—	(153,061)	—	(153,061)
Special reserve reversal	—	—	—	(29,114)	29,114	—	—
Cash dividends distributed from capital surplus	—	(204,082)	—	—	—	—	(204,082)
Profit for the year ended December 31, 2023	—	—	—	—	178,637	—	178,637
Other comprehensive income for the years ended December 31, 2023	—	—	—	—	(1,706)	(66,400)	(68,106)
Total comprehensive income	—	—	—	—	176,931	(66,400)	110,531
Balance as of December 31, 2023	<u>\$1,020,409</u>	<u>\$668,776</u>	<u>\$297,461</u>	<u>\$133,965</u>	<u>\$949,040</u>	<u>\$(200,365)</u>	<u>\$2,869,286</u>

English Translation of Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Amounts in thousands of New Taiwan Dollars)

Items	2023	2022
	Amount	Amount
Cash flows from operating activities:		
Net income before income tax	\$228,578	\$453,693
Adjustments:		
The profit or loss items:		
Depreciation	76,298	78,928
Amortization	1,316	1,312
Expected credit loss	30	—
Interest expense	32,076	26,895
Interest income	(4,630)	(924)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(238,781)	(314,800)
Other	(3,645)	(232)
Subtotal	(137,336)	(208,821)
Changes in operating assets and liabilities:		
Changes in operating assets		
(Increase) Decrease in notes receivable	(366)	3,922
Decrease in account receivable	51,135	175,281
Decrease in account receivables from related parties	9,295	15,623
Decrease (Increase) in other receivable	791	(3)
Decrease (Increase) in other receivable from related parties	97	(97)
Decrease (Increase) in inventories	108,094	(92,900)
Decrease in prepayments	970	3,085
(Increase) Decrease in other current assets	(30)	81
Changes in operating liabilities		
(Decrease) in contract liabilities - current	(525)	(2,611)
Increase (Decrease) in account payable	7,232	(21,804)
Increase (Decrease) in account payable from related parties	11,029	(28,506)
Increase (Decrease) in other payables	161	(7,336)
(Decrease) in other payables from related parties	(11,822)	(9,655)
Increase in other current liabilities	370	20
Total changes in operating assets and liabilities	176,431	35,100
Cash generated from operations activities	267,673	279,972
Interest received	4,606	923
Dividend received	162,449	7,845
Income tax paid	(61,540)	(1,185)
Net cash provided by operating activities	373,188	287,555
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(18,993)	(9,869)
Acquisition of intangible assets	(684)	(999)
(Increase) in other non-current assets	—	(904)
Net cash (used in) investing activities	(19,677)	(11,772)
Cash flows from financing activities:		
Increase in short-term borrowings	136,495	63,505
Increase in long-term borrowings	150,000	50,000
Repayment of long-term borrowings	(217,700)	(128,918)
Repayment of lease liabilities	(4,728)	(4,727)
Cash dividend	(357,143)	(408,164)
Interest paid	(30,392)	(24,611)
Net cash provided by (used in) financing activities	(323,468)	(452,915)
Net (Decrease) in cash and cash equivalents	30,043	(177,132)
Cash and cash equivalents, beginning of period	293,571	470,703
Cash and cash equivalents, end of period	\$323,614	\$293,571

English Translation of Financial Statements Originally Issued in Chinese
JIH LIN TECHNOLOGY CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and Organization

JIH LIN TECHNOLOGY CO., LTD. (the Company) was incorporated on October 18, 2000. The Company's registered address is No.58, Jhong Yang Rd., Nanzih Dist., Kaohsiung City. The principal activities of the Company are to tooling manufacture、lead frame manufacture and sales service. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on February 25, 2014.

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were authorized for issue by the board of directors on March 8, 2024.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company adopted International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below :

Item	New, Revised or Aemnded Standards and Interpretaions	Effective date issued by IASB
A	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

A. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. As the Company determine the potential impact of the new standards and interpretations, apart from item (a) to (d) that it is not practicable to estimate the impact of which at this point in time, the remaining standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC and not yet adopted by the Company as at the end of the reporting period are listed below :

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 Insurance Contracts	January 1, 2023
C	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint

Ventures”, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributes to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability (Amendments to IAS 21)

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is currently determining the potential impact of the new standards and interpretations, it is not practicable to estimate the impact on the Company at this point in time. All other standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributes to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributes to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “Investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Foreign Currency Transactions

The Company’s parent company only financial statements are presented in NT\$.

Transactions in foreign currencies are initially recorded by the Company’s functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate prevailing at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following :

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of Financial Statements in Foreign Currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered a disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and Non-Current Distinction

An asset is classified as current when :

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Company holds the asset primarily for the purpose of trading.
- C. The Company expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when :

- A. The Company expects to settle the liability in its normal operating cycle.
- B. The Company holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including fixed-term deposits that have maturity within three months from the date of acquisition) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below :

- (a) the Company's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date :

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and ;
- (b) 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for :

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met :

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and ;
- (b) 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income (always is debt instrument) are described as below :

- (a) a gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) when the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for :

I. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

II. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should be recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivables.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects :

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows :

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For financing lease receivable arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12.(4), Page 66, for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired.
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributed to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if :

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term ;
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either :

- (a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attribute to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative Instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative.

(9) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –Purchase cost on weighted average cost basis.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Company's investments in subsidiaries and associates are accounted for using the equity method and evaluated in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers 21, in order to uniformize profit or loss and other comprehensive income in the financial statements with profit or loss and amortization of other comprehensive income in consolidated financial statements, and to uniformize equity in the financial statements with equity attributes to owners of the parent in consolidated financial statements. The adjustment be due to investments in subsidiaries and in consolidated financial statements are treated in accordance with IFRS 10 Consolidated Financial Statements and differ in report level with applicable IFRS article, and debit or credit investments accounted for using the equity method, share of profit or loss of associates accounted for using equity method, share of comprehensive income of associates accounted for using equity method, etc.

The Company's investment in its associates is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining carrying value by the value in use of the investment, the Company estimates the value in use base on:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, when an investment in an associate becomes an investment in a joint venture or vice versa, the Company continues to apply the equity method and does not remeasure the interest previously held.

(12) Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Property, plant and equipment	Lives
Buildings and facilities	5~50 years
Machinery and equipment	3~9 years
Tooling equipment	2~3 years
Office equipment	3~6 years
Transportation equipment	5~6 years
Other equipment	2~6 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate. These changes are treated as accounting estimates.

(13) Investment Property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Investment Property	Lives
Buildings	40 years
Right-of-use assets	20 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the comprehensive income statement.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and presents them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite (3 years)
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(16) Impairment of Non-Financial Assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro-rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18) Revenue Recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follows:

Sale of goods

The Company manufactures and sells merchandise. Sales are recognized when goods have been shipped and customers have obtained the control (the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits from the goods). The main product of the Company is semiconductor lead frame and Tooling and revenue is recognized based on the consideration stated in the contract. Sales by volume discounts, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company uses the previous experience to estimate volume discounts. However, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The credit period of the Company's sale of goods is from 30 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Company transfers the goods to customers and when the customers pay for that goods is usually short and there is no significant financing component to the contract.

(19) Borrowing Costs

Borrowing costs directly attributes to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Post-Employment Benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes any related restructuring costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income Taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6.(4), Page 34, for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$884	\$677
Demand deposits	266,673	282,894
Time deposits	56,057	10,000
Total	<u>\$ 323,614</u>	<u>\$293,571</u>

(2) Notes receivables and Notes receivables - related parties

	December 31, 2023	December 31, 2022
Notes receivables arising from operating activities	\$ 5,806	\$5,440
Subtotal (carrying amount)	5,806	5,440
Less: loss allowance	—	—
Subtotal	5,806	5,440
Notes receivables arising from operating activities (related parties)	—	—
Subtotal (carrying amount)	—	—
Less: loss allowance	—	—
Subtotal	—	—
Total	\$ 5,806	\$5,440

The Company's notes receivables were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6.(15), Page 51-52, for more details on loss allowance and Note 12.(4), Page 66, for details on credit risk.

(3) Account receivables and Account receivables - related parties

	December 31, 2023	December 31, 2022
Account receivables	\$ 326,470	\$377,605
Subtotal (carrying amount)	326,470	377,605
Less: loss allowance	(31)	(1)
Subtotal	326,439	377,604
Account receivables-related parties	28,459	37,754
Subtotal (carrying amount)	28,459	37,754
Less: loss allowance	—	—
Subtotal	28,459	37,754
Total	\$ 354,898	\$415,358

The Company's account receivables were not pledged.

The credit terms of accounts receivables are generally set at 30 to 180 days from the end of month. The gross carrying amounts were NT\$354,929 thousand and NT\$415,359 thousand as of December 31, 2023 and 2022, respectively. Please refer to Note 6.(15), Page 51-52, for loss allowance for the years ended December 31, 2023 and 2022 and Note 12.(4), Page 66, for credit risk.

(4) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$218,970	\$302,601
Supplies	8,030	14,342
Work in progress	96,445	106,749
Finished goods	148,851	190,614
Goods in transit	28,240	—
Total	<u>\$500,536</u>	<u>\$614,306</u>
For the years ended December 31,		
	2023	2022
Cost of inventories sold	\$1,959,094	\$2,334,094
Loss on inventory valuation	—	(2,000)
Cost of goods sale	<u>\$1,959,094</u>	<u>\$2,332,094</u>

The aforementioned inventories were not pledged.

(5) Investments accounted for using the equity method

Company name	December 31, 2023		December 31, 2022	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
SPEEDY INVESTMENT LIMITED	\$1,069,082	100.00%	\$1,121,848	100.00%
Jih Li Technology Co., Ltd	60,646	100.00%	71,599	100.00%
Jih-Linchpin Limited	798,694	100.00%	743,020	100.00%
Malaysia SH Precision Sdn.Bhd.	397,364	100.00%	442,454	100.00%
SH Precision Co.,Ltd.	372,040	100.00%	321,928	100.00%
Total	<u>\$2,697,826</u>		<u>\$2,700,849</u>	

Investments in subsidiaries in the financial statement was shown as Investments accounted for using the equity method and after evaluated.

(6) Property, plant and equipment

	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	<u>\$629,437</u>	<u>\$671,421</u>
A. Owner occupied property, plant and equipment		

	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost :									
As of January 1, 2022	\$11,148	\$572,952	\$363,454	\$76,553	\$10,249	\$14,548	\$16,887	\$9,635	\$1,075,426
Additions	—	791	2,562	244	1,193	83	1,273	3,723	9,869
Disposals	—	(195)	(400)	—	(163)	—	(240)	—	(998)
Transfers	—	9,635	3,001	10,651	—	—	—	(9,635)	13,652
As of December 31, 2022	11,148	583,183	368,617	87,448	11,279	14,631	17,920	3,723	1,097,949
Additions	—	1,115	4,769	235	3,237	—	561	9,076	18,993
Disposals	—	(210)	(13,796)	(10,462)	(1,445)	—	(2,640)	—	(28,553)
Transfers	—	272	3,957	4,205	580	—	861	(3,723)	6,152
As of December 31, 2023	<u>\$11,148</u>	<u>\$584,360</u>	<u>\$363,547</u>	<u>\$81,426</u>	<u>\$13,651</u>	<u>\$14,631</u>	<u>\$16,702</u>	<u>\$9,076</u>	<u>\$1,094,541</u>

								Construction in progress and equipment awaiting examination	
	Land	Buildings	Machinery and equipment	Tooling equipment	Office equipment	Transportation equipment	Other equipment		Total
Depreciation and impairment :									
As of January 1, 2022	—	\$84,015	\$188,958	\$60,348	\$5,622	\$11,097	\$7,844	—	\$357,884
Depreciation	—	16,609	36,675	10,280	2,117	1,131	2,679	—	69,791
Disposals	—	(195)	(400)	—	(163)	—	(240)	—	(998)
Transfers	—	—	(149)	—	—	—	—	—	(149)
As of December 31, 2022	—	100,729	225,084	70,628	7,576	12,228	10,283	—	426,528
Depreciation	—	17,083	33,229	11,140	1,659	1,041	3,011	—	67,163
Disposals	—	(210)	(13,796)	(10,462)	(1,445)	—	(2,640)	—	(28,553)
Transfers	—	—	—	(34)	—	—	—	—	(34)
As of December 31, 2023	—	\$117,602	\$244,517	\$71,272	\$7,790	\$13,269	\$10,654	—	\$465,104
Net carrying amount as of :									
December 31, 2022	\$11,148	\$482,454	\$143,533	\$16,820	\$3,703	\$2,403	\$7,637	\$3,723	\$671,421
December 31, 2023	\$11,148	\$466,758	\$119,030	\$10,154	\$5,861	\$1,362	\$6,048	\$9,076	\$629,437

B. The significant part of the Company's buildings included primary buildings, renovation and decoration works, the useful life were 25~50 years and 5~8 years, respectively.

C. The amounts of capitalization of borrowing costs were \$0 for the years ended December 31, 2023 and 2022.

D. The Company's property, plant and equipment were not pledged.

(7) Investment property

The Company's investment properties include both owned Technology Industrial Park buildings and investment properties held by the Company as right-of-use assets. The Company has entered into commercial property leases for its owned investment properties with terms 10 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Company as right-of-use assets with non-cancellable period of 10 years. Some of these contracts provide the Company options to extend the leases.

	Buildings	Right-of-use assets	Total
Cost :			
As of January 1, 2022	\$212,391	\$45,001	\$257,392
Transferred from property, plant and equipment	—	—	—
As of December 31, 2022	212,391	45,001	257,392
Transferred from property, plant and equipment	—	—	—
As of December 31, 2023	\$212,391	\$45,001	\$257,392
Depreciation and impairment :			
As of January 1, 2022	\$15,930	\$3,357	\$19,287
Depreciation	5,309	1,124	6,434
As of December 31, 2022	21,239	4,482	25,721
Depreciation	5,309	1,124	6,433
As of December 31, 2023	\$26,548	\$5,606	\$32,154
	Buildings	Right-of-use assets	Total
Net carrying amount as of :			
December 31, 2022	\$191,152	\$40,519	\$231,671
December 31, 2023	\$185,843	\$39,395	\$225,238

	For the years ended December 31,	
	2023	2022
Rental income from investment properties	\$31,419	\$31,419

The Company's investment property were not pledged.

For those right-of-use assets leased as operating leases and presented in investment properties, please refer to Note 6. (16), Page 53-55, for relevant disclosure as required by IFRS 16.

(8) Intangible assets

A. Details was as follows:

	Computer software
Cost:	
As of January 1, 2022	\$2,201
Addition-acquired separately	999
Disposals	(491)
As of December 31, 2022	2,709
Addition-acquired separately	684
Disposals	—
Transfers	395
As of December 31, 2023	<u>\$ 3,788</u>
Amortization and Impairment :	
As of January 1, 2022	\$1,019
Amortization	732
Disposals	(491)
As of December 31, 2022	1,260
Amortization	894
Disposals	—
Transfers	—
As of December 31, 2023	<u>\$ 2,154</u>
Net carrying amount as of :	
December 31, 2022	<u>\$1,449</u>
December 31, 2023	<u>\$ 1,634</u>

B. The cost of computer software is ERP computer software, which is amortized evenly over 3 years.

C. Amortization expense of intangible assets under the statement of comprehensive income :

	For the years ended December 31,	
	2023	2022
Costs of good sold	<u>\$ 65</u>	<u>\$58</u>
Operating expenses	<u>\$ 829</u>	<u>\$674</u>

(9) Other non-current assets

	December 31, 2023	December 31, 2022
Advance payments in equipments	—	\$905
Refundable deposits	\$10	10
Other non-current assets - other	794	1,216
Total	<u>\$ 804</u>	<u>\$2,131</u>

(10) Short-term borrowings

A. Details was as follows:

	December 31, 2023	December 31, 2022
Raw Material Financing	—	\$63,505
Unsecured loans	\$250,000	50,000
Total	<u>\$ 250,000</u>	<u>\$113,505</u>

B. Interest rate ranges and due date :

	December 31, 2023	December 31, 2022
Interest rates	1.52% ~ 1.853%	0.5285% ~ 5.55%
Due date	2024.01.15 ~ 2024.07.19	2023.02.09 ~ 2023.06.17
Unused short-term lines of credits amounted	\$ 2,068,758	\$1,751,267

(11) Long-term borrowings

A. Details of long-term borrowings as of December 31, 2023 was as follows:

Creditor	December 31, 2023	Rate (%)	Redemption
Unsecured Long-Term Loan from Bank of Taiwan	\$142,500	1.9400%	The loan amount is 150,000 thousand. Since November 4, 2023, principal is repaid at 7,500 thousand in 20 quarterly payments with monthly interest payments. As of December 31, 2023, first principal has been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -A	300,000	2.3719%	The loan amount is 300,000 thousand. Effective December 13, 2023 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	500,000	2.3719%	The loan amount is 500,000 thousand. Effective December 7, 2022 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	100,000	2.3719%	The loan amount is 100,000 thousand. Effective October 17, 2022 to September 20, 2025. Repayment of principal.

Creditor	December 31, 2023	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from E. Sun Bank — Operation Revolving (Note)	64,583	1.250%	The loan amount is 100,000 thousand. Since August 15, 2022, principal is repaid at 2,083 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, first to seventeenth principal have been repaid, and the principal for each period is 2,083 thousand.
Unsecured Mid-to Long -Term Loan from Taishin Bank — Operation Revolving (Note)	15,385	1.250%	The loan amount is 50,000 thousand. Since July 15, 2022, principal is repaid at 1,923 thousand in 26 monthly payments with monthly interest payments. As of December 31, 2023, first to eighteenth principal have been repaid, and the principal for each period is 1,923 thousand.
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank — Operation Revolving (Note)	34,043	1.250%	The loan amount is 50,000 thousand. Since October 15, 2022, principal is repaid at 1,064 thousand in 47 monthly payments with monthly interest payments. As of December 31, 2023, first to fifteenth principal have been repaid, and the principal for each period is 1,064 thousand.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan — Operation Revolving (Note)	42,500	1.250%	The loan amount is 60,000 thousand. Since November 15, 2022, principal is repaid at 1,250 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, first to fourteenth principal have been repaid, and the principal for each period is 1,250 thousand.
Unsecured Mid-to Long -Term Loan from First Commercial Bank — Operation Revolving (Note)	35,565	1.250%	The loan amount is 48,775 thousand. Since December 15, 2022, principal is repaid at 1,016 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, the first to thirteenth principal have been repaid, and the principal for each period is 1,016 thousand.

Creditor	December 31, 2023	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from E. Sun Bank — Machinery (Note)	42,754	1.250%	The loan amount is 66,200 thousand. Since August 15, 2022, principal is repaid at 1,379 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2023, first to seventeenth principal have been repaid, and the principal for each period is 1,379 thousand.
Unsecured Mid-to Long -Term Loan from Taishin Bank — Machinery (Note)	13,776	1.250%	The loan amount is 49,200 thousand. Since July 15, 2022, principal is repaid at 1,968 thousand in 25 monthly payments with monthly interest payments. As of December 31, 2023, first to eighteenth principal have been repaid, and the principal for each period is 1,968 thousand.
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank — Machinery (Note)	2,201	1.250%	The loan amount is 2,610 thousand. Since December 15, 2022, principal is repaid at 31 thousand in 83 monthly payments with monthly interest payments. As of December 31, 2023, the first to thirteenth principal have been repaid, and the principal for each period is 31 thousand.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan — Machinery (Note)	25,840	1.250%	The loan amount is 36,480 thousand. Since November 15, 2022, principal is repaid at 760 thousand in 48 quarterly payments with monthly interest payments. As of December 31, 2023, first to fourteenth principal have been repaid, and the principal for each period is 760 thousand.
Less: Due within one year	(150,168)		
Total	<u>\$ 1,168,979</u>		

Note: The Company apply 「 Action Plan for Overseas Taiwanese Businesses to Return to Invest in Taiwan 」 , restricted use of financing for plant facilities or purchase of machinery and equipment and operation revolving fund. Interest rate ranges and due date as follow :

Item	December 31, 2023	December 31, 2023
	Operation Revolving	Machinery
Interest rate ranges	1.250%	1.250%
Due date	August 21, 2024~ November 15, 2026	August 6, 2024~ October 15, 2029
Unused mid-to long-term lines of credits amounted	—	—

B. Details of long-term borrowings as of December 31, 2022 was as follows:

Creditor	December 31, 2022	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from Bank Mizuho	\$50,000	1.8500%	The loan amount is 50,000 thousand. Effective June 15, 2022 to June 10, 2024. Repayment of principal.
Unsecured Long-Term Loan from Bank of Taiwan	22,500	1.8224%	The loan amount is 150,000 thousand. Since January 12, 2019, principal is repaid at 7,500 thousand in 20 quarterly payments with monthly interest payments. As of December 31, 2022, first to seventeenth principal have been repaid, and the principal for each period is 7,500 thousand.
Syndication unsecured loan from Taishin Bank -A	300,000	2.0910%	The loan amount is 300,000 thousand. Effective December 13, 2022 to September 20, 2025. Repayment of principal.
Syndication unsecured loan from Taishin Bank -A	600,000	2.0830%	The loan amount is 600,000 thousand. Effective December 7, 2022 to September 20, 2025. Repayment of principal.
Unsecured Mid-to Long -Term Loan from E. Sun Bank — Operation Revolving (Note)	89,583	1.125%	The loan amount is 100,000 thousand. Since August 15, 2022, principal is repaid at 2,083 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to fifth principal have been repaid, and the principal for each period is 2,083 thousand.

Creditor	December 31, 2022	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from Taishin Bank — Operation Revolving (Note)	38,462	1.125%	The loan amount is 50,000 thousand. Since July 15, 2022, principal is repaid at 1,923 thousand in 26 monthly payments with monthly interest payments. As of December 31, 2022, first to sixth principal have been repaid, and the principal for each period is 1,923 thousand.
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank — Operation Revolving (Note)	46,808	1.125%	The loan amount is 50,000 thousand. Since October 15, 2022, principal is repaid at 1,064 thousand in 47 monthly payments with monthly interest payments. As of December 31, 2022, first to third principal have been repaid, and the principal for each period is 1,064 thousand.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan — Operation Revolving (Note)	57,500	1.125%	The loan amount is 60,000 thousand. Since November 15, 2022, principal is repaid at 1,250 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to second principal have been repaid, and the principal for each period is 1,250 thousand.
Unsecured Mid-to Long -Term Loan from First Commercial Bank — Operation Revolving (Note)	47,759	1.125%	The loan amount is 48,775 thousand. Since December 15, 2022, principal is repaid at 1,016 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, the first principal has been repaid, and the principal for each period is 1,016 thousand.

Creditor	December 31, 2022	Rate (%)	Redemption
Unsecured Mid-to Long -Term Loan from E. Sun Bank — Machinery (Note)	59,304	1.125%	The loan amount is 66,200 thousand. Since August 15, 2022, principal is repaid at 1,379 thousand in 48 monthly payments with monthly interest payments. As of December 31, 2022, first to fifth principal have been repaid, and the principal for each period is 1,379 thousand.
Unsecured Mid-to Long -Term Loan from Taishin Bank — Machinery (Note)	37,392	1.125%	The loan amount is 49,200 thousand. Since July 15, 2022, principal is repaid at 1,968 thousand in 25 monthly payments with monthly interest payments. As of December 31, 2022, first to sixth principal have been repaid, and the principal for each period is 1,968 thousand.
Unsecured Mid-to Long -Term Loan from Chang Hwa Bank — Machinery (Note)	2,579	1.125%	The loan amount is 2,610 thousand. Since November 15, 2022, principal is repaid at 31 thousand in 83 monthly payments with monthly interest payments. As of December 31, 2022, the first principal has been repaid, and the principal for each period is 31 thousand.
Unsecured Mid-to Long -Term Loan from Bank of Taiwan — Machinery (Note)	34,960	1.125%	The loan amount is 36,480 thousand. Since November 15, 2022, principal is repaid at 760 thousand in 48 quarterly payments with monthly interest payments. As of December 31, 2022, first to second principal have been repaid, and the principal for each period is 760 thousand.
Less: Due within one year	(160,200)		
Total	<u>\$1,226,647</u>		

Note : The Company apply 「 Action Plan for Overseas Taiwanese Businesses to Return to Invest in Taiwan 」 , restricted use of financing for plant facilities or purchase of machinery and equipment and operation revolving fund. Interest rate ranges and due date as follow :

Item	December 31, 2022	December 31, 2022
	Operation Revolving	Machinery
Interest rate ranges	1.125%	1.125%
Due date	August 21, 2024~	August 6, 2024~
	Noverber 15, 2026	October 15, 2029
Unused mid-to long-term lines of credits amounted	—	—

C. On August 17, 2020, the Company signed a syndicated loan agreement for 5 years with Taishin Bank, the lead bank of the syndicated loan, and nine other banks. The aggregate amount of credit line of the syndicated loas was \$2,200,000 thousand. The contract term was five years from the initial drawdown date.

The important matters in syndicated loan agreement as follows :

(a)Credit method in syndicated loan agreement as follows :

I. A : Mid-term demand loan revolving of 2,200,000 thousand.

II. B : Commercial paper guarantee revolving of 1,320,000 thousand.

The total credit lines of A and B do not exceed 2,200,000 thousand, and total used balance shall not exceed the total amount of credit.

(b)Financial ratios : sustain their financial ratios and standards during the loan period :

I. Current Ratio 【Current assets ÷ Current liabilities】 : not lower than 100%

II. Leverage ratio 【Total liabilities ÷ Tangible net value *】 : not higher than 180%

III. Times interest earned 【(Income before tax + Interest expenses + depreciation expense + amortization expense) / Interest expenses】 : not lower than 400%

IV. Tangible net value * : not lower than NT\$1,600,000 thousand.

* 「Tangible net value」 is equity minus intangible assets.

The above financial ratios and standards of each section shall according to the content of annual consolidated financial statement and the consolidated financial statement of second quarter which are verified by the accountant and be checked once every six months. The Company self –checked according to the financial statements on December 31, 2023 and 2022, and there is no default. Next check is the second quarter of 2024.

(12) Post-employment benefits plans

A. Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were \$6,664 thousand and \$6,511 thousand, respectively.

B. Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average monthly salary prior to retirement. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$167 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The average duration of the defined benefits plan obligation as of December 31, 2023 and 2022 are 17 years and 16 years, respectively.

C. The pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Current period service costs	—	—
Net interest on the net defined benefit liabilities	\$(9)	\$5
Total	\$(9)	\$5

- D. Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows :

	December 31, 2023	December 31, 2022	January 1, 2022
Defined benefit obligation	\$7,417	\$5,714	\$6,526
Plan assets at fair value	(6,512)	(6,338)	(5,729)
Net defined benefit liabilities recognized on the consolidated balance sheets	\$905	\$(624)	\$797

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As at		
	Defined benefit obligation	Plan assets at Fair value	Defined benefit liability (asset)
As of January 1, 2022	\$6,526	\$(5,729)	\$797
Current service costs	—	—	—
Net interest expense (income)	46	(41)	5
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	46	(41)	5

Remeasurements of the net defined benefit liability (asset):

Actuarial gains and losses arising from changes in demographic assumptions	126	—	126
Actuarial gains and losses arising from changes in financial assumptions	(761)	—	761
Experience adjustments	(223)	—	(223)
Remeasurements of the defined benefit asset	—	(426)	(426)
Subtotal	(858)	(426)	(1,284)
Payment of benefit obligation	—	—	—
Contributions by employer	—	(142)	(142)
Effect of changes in foreign exchange rates	—	—	—
As of December 31, 2022	5,714	(6,338)	(624)
Current period service costs	—	—	—
Net interest expense (income)	85	(94)	(9)
Past service cost and gains and losses arising from settlements	—	—	—
Subtotal	85	(94)	(9)

	As at		
	Defined benefit obligation	Plan assets at Fair value	Defined benefit liability (asset)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	—	—	—
Actuarial gains and losses arising from changes in financial assumptions	(1,365)	—	(1,365)
Experience adjustments	3,082	—	3,082
Remeasurements of the defined benefit asset	—	(12)	(12)
Subtotal	1,717	(12)	1,705
Payment of benefit obligation	(99)	99	—
Contributions by employer	—	(167)	(167)
Effect of changes in foreign exchange rates	—	—	—
As of December 31, 2023	\$7,417	\$(6,512)	\$905

- E. The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.42%	1.49%
Expected rate of salary increases	2.00%	3.00%

- F. A sensitivity analysis for significant assumption as of December 31, 2023 and 2022, is as shown below:

	For the years ended December 31,			
	2023		2022	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.5%	—	\$587	—	\$444
Discount rate decrease by 0.5%	\$711	—	\$487	—
Future salary increase by 0.5%	\$703	—	\$477	—
Future salary decrease by 0.5%	—	\$586	—	\$440

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(13) Equities

A. Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were both \$1,500,000 thousand, and issued \$1,020,409 thousand with 102,041 thousand shares, each at a par value of NT\$10.

B. Additional paid-in capital

	December 31, 2023	December 31, 2022
Share premium	\$629,858	\$833,940
Acquiring or disposing subsidiaries	38,918	38,918
Total	<u>\$668,776</u>	<u>\$872,858</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company as stock dividends up to a certain percentage of paid-in capital. The said capital reserve could also be distributed in the form of cash dividends to shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order :

- (a) Payment of all taxes and dues
- (b) Offset prior years' operation losses
- (c) Legal reserve, which is 10% of leftover profits
- (d) Set aside or reverse special reserve in accordance with law and regulations
- (e) The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements, domestic and international competition as well as the interest of the shareholders. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. The distribution of stockholders' dividend shall be allocated as cash dividend no less than 20% dividend.

According to the Company Act, the Company needs to set aside an amount to legal reserves unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserves that exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When reserve distribution, the company has already set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity when the Company adopted IFRS in the first time. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company complies with Order No. Jin-Guan-Zheng-Fa-1090150022 issued by the FSC on March 31, 2021, which sets out the following provisions : On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserves. Later when the company uses, disposes of, or reclassifies the relevant assets, it may reverse to distributable earnings a proportional amount of the special reserves originally set aside.

As of December 31 ,2023 and 2022, special reserve set aside for the first-time adoption of IFRS amounts to \$34,253 thousand. The Company complies with Order No. Jin-Guan-Zheng-Fa-1010012865 issued by the FSC on April 6, 2012, the special capital reserve \$29,114 thousand was reversed and \$82,033 thousand was set aside in 2023 and 2022 respectively. As of December 31, 2023 and 2022, special capital reserve amounted to \$ 133,965 thousand and \$ 163,079 thousand respectively.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 8, 2024 and June 19, 2023, respectively, are as follows :

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$17,693	\$41,801	—	—
Special reserve	\$66,400	\$(29,114)	—	—
Common stock -cash dividend(Note)	\$91,837	\$153,061	\$ 0.90	\$1.50

Note : The board of directors's meeting held on March 8, 2024 and March 21, 2023 resolve to distribute the dividends in form of cash of 2023 and 2022 by an extraordinary resolution.

The Company's board of directors who is authorized by the articles made a resolution to distribute \$112,245 thousand and \$204,082 thousand in capital reserve with NT\$1.10 and NT\$2.00 per share as cash dividends of 2023 and 2022 on March 21, 2023 and March 18, 2023, respectively.

The appropriation of 2023 unappropriated retained earnings has not yet been approved by the stockholder's meeting as of the reporting date. Information relevant to the Board of Directors' meeting recommendations and stockholders' meeting approval can be obtained from the "Market Observation Post System" on the website of the TWSE.

Please refer to Note6. (17), Page 55-56, for information on the employees and directors' compensation.

(14) Net revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$ 1,478,996	\$1,767,744
Other operating revenue	636,463	853,623
Total	<u>\$ 2,115,459</u>	<u>\$2,621,367</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
TO Leadframe	\$ 898,504	\$918,378
Discrete device	580,492	849,366
Other	636,463	853,623
Total	<u>\$ 2,115,459</u>	<u>\$2,621,367</u>
Timing of revenue recognition :		
At a point in time	<u>\$ 2,115,459</u>	<u>\$2,621,367</u>

B. Contract balances

Contract liabilities — current

	December 31, 2023	December 31, 2022	January 1, 2022
Sale of goods	<u>\$ 5,413</u>	<u>\$ 5,938</u>	<u>\$ 8,549</u>

The significant changes in the Company balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Revenue recognized during the period that was included in the beginning balance	\$ (1,800)	\$ (4,411)
Deducting the amount incurred and transferred to revenue during the period	(4,200)	(1,869)
Increase in receipt in advance during the period	\$ 5,475	\$3,669

C. Transaction price allocated to unsatisfied performance obligations

None

D. Assets recognized from the costs to obtain or fulfil a contract with a customer

None

(15) Expected credit loss

	For the years ended December 31,	
	2023	2022
Operating expense – Expected credit losses		
Contract asset	—	—
Notes receivables	—	—
Account receivables	\$30	—
Total	<u>\$30</u>	<u>—</u>

Please refer to Note 12.(4), Page 66, for more details on credit risk.

The Company measures the loss allowance of its receivables (including note receivables and account receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

The Company needed to consider the grouping by counterparties' credit rating, geographical region and industry sector, and its loss allowance is measure by using expected credit loss, details as follows:

December 31, 2023

	Neither past	Past due					Total
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$ 357,199	\$ 1,099	\$ 2,437	—	—	—	\$ 360,735
Loss ratio	—	0.01%-10%	1%~15%	—	—	—	
Lifetime expected credit losses	—	—	(31)	—	—	—	(31)
Subtotal	\$ 357,199	\$ 1,099	\$ 2,406	—	—	—	\$ 360,704

December 31, 2022

	Neither past	Past due					Total
	due(Note)	30 days	31-60 days	61-90 days	91-120 days	Over 121 days	
Gross carrying amount	\$420,448	\$259	\$92	—	—	—	\$420,799
Loss ratio	—	0.01%-10%	1%~15%	—	—	—	
Lifetime expected credit losses	—	—	(1)	—	—	—	(1)
Subtotal	\$420,448	\$259	\$91	—	—	—	\$420,798

Note: Not any of the Company's note receivables was past due.

The movement in the provision of impairment of receivables for the years ended December 31, 2023 and 2022 are as follows:

	Account receivables
As of January 1, 2022	\$1
Charge (revisal) of current period	—
As of December 31, 2022	1
Charge (revisal) of current period	30
As of December 31, 2023	\$31

(16) Leases

(1) Company as a lessee

The Company leases various properties, including real estate such as land, buildings and Leasehold improvements. The lease terms range from 3 to 50 years

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

	December 31, 2023	December 31, 2022
Land	\$59,131	\$61,481
Buildings and facilities	353	705
Total	<u>\$59,484</u>	<u>\$62,186</u>

During the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets amounted to \$0 thousand and \$1,058 thousand, respectively.

II. Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	<u>\$102,450</u>	<u>\$105,72</u>
Current	\$3,320	\$3,274
Non-current	<u>99,130</u>	<u>102,450</u>
Total	<u>\$102,450</u>	<u>\$105,724</u>

Please refer to Note 6. (18)(D), Page 57, for the interest on lease liability recognized during 2023 and 2022 and Note 12.(5), Page 67, for the maturity analysis of lease liabilities as of December 31, 2023 and 2022.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31, 2023	2022
Land	\$2,349	\$2,350
Buildings and facilities	353	353
Total	<u>\$2,702</u>	<u>\$2,703</u>

(c) Income and costs relating to leasing activities

	December 31, 2023	December 31, 2022
The expenses relating to short-term leases	\$1,322	\$1,611
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	\$85	\$69

(d) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounted to \$7,589 thousand and \$7,907 thousand, respectively.

(e) Other information relating to leasing activities

Extension and termination options

Some of the Company's property leases contain options to extend or terminate the leases. When determining the lease term, it shall be the non-cancellable period where the lessee has the right to use the underlying asset, together with periods covered by an option to extend the lease where the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease where the Company is reasonably certain not to exercise that option. The use of those options can maximize the flexibility in managing the contracts. The majority of options to extend or terminate the leases can only be exercised by the Company. The Company would reassess the lease periods when a significant event or a significant change in circumstances occurs (that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term) after the commencement date.

(2) Company as a lessor

Please refer to Note 6.(7), Page 37, for relevant disclosure of the Company's own occupied investment property and right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2023	2022
Lease income for operating leases	\$31,419	\$31,419

Please refer to Note 6. (7), Page 37, for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follow:

	December 31, 2023	December 31, 2022
Not later than one year	\$31,544	\$31,419
Later than one year and not later than two years	32,915	31,544
Later than two year and not later than three years	32,915	32,915
Later than three year and not later than four years	33,040	32,915
Later than four year and not later than five years	31,544	33,040
Later than five years	—	31,544
Total	<u>\$161,958</u>	<u>\$193,377</u>

(17) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function Nature	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$113,804	\$77,608	\$191,412	\$123,624	\$69,297	\$192,921
Labor and health insurance	\$12,483	\$5,401	\$17,884	\$11,966	\$5,167	\$17,133
Pension	\$4,190	\$2,484	\$6,674	\$4,177	\$2,339	\$6,516
Directors' remuneration	—	\$1,444	\$1,444	—	\$1,440	\$1,440
Other employee benefits expense	\$1,834	\$962	\$2,796	\$2,433	\$1,141	\$3,574
Depreciation	\$54,217	\$22,081	\$76,298	\$56,502	\$22,426	\$78,928
Amortization	\$65	\$1,251	\$1,316	\$57	\$1,255	\$1,312

- A. As of December 31, 2023 and 2022, the Company had 315 and 335 employees, respectively. There were 4 Directors who were not employees for the year respectively.
- B. The following information shall be disclosed for entities with stocks traded on the TWSE :
- Average employee benefits expense in this year and last year equaled 703 thousand and 665 thousand, respectively.
 - Average employee salary expense in this year and last year equaled 615 thousand and 583 thousand, respectively.
 - Average salary expense adjustment for the year ended December 31, 2023 increased by 5.49%.
 - An auditor committee is set instead of the supervisor, so the compensation to the supervisor is both 0 thousand in this year and last year.
 - The company salary and compensation policy: The Company set the policy for salary and compensation refer market level in accordance with local law and regulation, and the management make the operation rule for follow. Besides, 2%

~ 10% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors if there is benefit in the year, resolution was adopted by Board of Directors meeting for distribution, and remuneration to independent director was distributed in accordance with the procedure of remuneration payment to director.

According to the Company's Articles of Incorporation, 2% ~ 10% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 3.35% and 0.81%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee salary expense at \$8,000 thousand and \$1,920 thousand for the year ended December 31, 2023, respectively. A fixed monthly remuneration for the indendent directors were recognized as employee salary expense at \$1,440 thousand.

Based on profit of the year ended December 31, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 2.15% and 0.51%, respectively. As such, employees' compensation and remuneration to directors were recognized as employee salary expense at \$10,000 thousand and \$2,400 thousand for the year ended December 31, 2022, respectively. A fixed monthly remuneration for the indendent directors were recognized as employee salary expense at \$1,440 thousand.

Actual payment is \$10,000 thousand and \$2,400 thousand as employees' compensation and remuneration to directors for the year of 2022, respectively. There were no material differences between the actual amount and the estimated amount which recognized in the year of 2022.

(18) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2023	2022
Finance asset measured at amortized cost — Bank deposit	\$ 4,630	\$924

B. Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 217	\$154
Others income — other	2,106	3,060
Total	\$ 2,323	\$3,214

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange gains, net	\$ 20,039	\$38,439

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$ 30,622	\$25,395
Interest on lease liabilities	1,454	1,500
Total	\$ 32,076	\$26,895

(19) Components of other comprehensive income

For the year ended December 31, 2023 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not to be reclassified to profit or loss:					
Remeasurements of defined benefit pension plans	\$ (1,706)	—	\$ (1,706)	—	\$ (1,706)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(83,000)	—	(83,000)	\$ 16,600	(66,400)
Total of other comprehensive income (loss)	\$ (84,706)	—	\$ (84,706)	\$ 16,600	\$ (68,106)

For the year ended December 31, 2022 :

	Reclassificati on adjustments	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Arising during the period	during the period			
Items that will not to be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	\$1,284	—	\$1,284	—
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translation of foreign operations	36,393	—	36,393	\$(7,279)
Total of other comprehensive income (loss)	\$37,677	—	\$37,677	\$(7,279)
				\$30,398

(20) Income tax

A. The major components of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows :

(a) Income tax expense (benefit) recognized in profit or loss

	For the years ended December 31,	
	2023	2022
Current income tax expense (benefit):		
Current income tax charge	\$ 37,807	\$38,761
Adjustments in respect of current income tax of prior periods	(167)	(56)
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) relating to origination and reversal of temporary differences	12,301	(1,738)
Total income tax expense	\$ 49,941	\$36,967

(b) Income tax recognized in other comprehensive income

	For the years ended December 31,	
	2023	2022
Deferred tax expense (benefit):		
Exchange differences on translation of foreign operations	\$(16,600)	\$7,279

B. The reconciliation of income tax expense and income tax based on pre-tax net income at the statutory tax rate was as follows:

	For the years ended December 31,	
	2023	2022
Accounting profit income before tax from continuing operations	\$ 228,578	\$453,693
Tax at the domestic rates applicable to profits in the country concerned	\$ 45,715	\$90,739
Tax effect of revenues exempt from taxation	30,962	—
Tax effect of expenses not deductible for tax purposes	—	2
Tax effect of deferred tax assets/liabilities	(38,699)	(60,186)
Corporate income surtax on undistributed retained earnings	12,130	6,468
Adjustments in respect of current income tax of prior periods	(167)	(56)
Total income tax expense recognized in profit or loss	\$ 49,941	\$36,967

C. Balance of deferred income tax assets (liabilities) relate to the following :

For the year ended December 31, 2023 :

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange (losses)	\$ 3,265	\$ (2,641)	—	\$ 624
Allowance for bad debts	(841)	126	—	(715)
Allowance for inventory valuation	6,500	—	—	6,500
Share of profit (loss) of subsidiaries accounted for using the equity method	(52,867)	(9,057)	—	(61,924)
Exchange differences on translation of foreign operations	31,810	—	\$16,600	48,410
Downstream transaction not realized	1,553	(729)	—	824
Deferred tax income/(expense)		\$ (12,301)	\$16,600	
Net deferred income tax assets / (liabilities)	<u>\$(10,580)</u>			<u>\$(6,281)</u>
Reflected in balance sheets as follows:				
Deferred income tax assets	<u>\$43,128</u>			<u>\$56,358</u>
Deferred income tax liabilities	<u>\$(53,708)</u>			<u>\$(62,639)</u>

For the year ended December 31, 2022 :

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized exchange (losses)	\$(904)	\$4,169	—	\$3,265
Allowance for bad debts	(1,231)	390	—	(841)
Allowance for inventory valuation	6,900	(400)	—	6,500
Share of profit (loss) of subsidiaries accounted for using the equity method	(50,093)	(2,774)	—	(52,867)
Exchange differences on translation of foreign operations	39,089	—	\$(7,279)	31,810

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Downstream transaction not realized	1,200	353	—	1,553
Deferred tax income/ (expense)		\$1,738	\$(7,279)	
Net deferred income tax assets / (liabilities)	\$(5,039)			\$(10,580)
Reflected in balance sheet as follows:				
Deferred income tax assets	\$47,189			\$43,128
Deferred income tax liabilities	\$(52,228)			\$(53,708)

D. Unrecognized deferred income tax liabilities related to investment subsidiaries

The company may generate income tax payable when repatriating undistributed surplus of some subsidiaries. The related deferred income tax liabilities were not recognized because of the company has decided not to distribute the earnings of subsidiaries in the foreseeable future. As of December 31, 2023 and 2022, the amount of taxable temporary differences not recognized as deferred income tax was \$118,894 thousand and \$123,356 thousand, respectively.

E. The Company's income tax returns for all the fiscal years up to 2020 have been assessed and approved by the R.O.C. Tax Authority.

(21) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributes to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributes to ordinary equity owners of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2023	2022
(1) Basic earnings per share		
Net income	\$178,637	\$416,726
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	102,041
Basic earnings per share (NT\$)	\$1.75	\$4.08
(2) Diluted earnings per share		
Net income	\$178,637	\$416,726
Weighted average number of ordinary shares outstanding for basic earnings per share (thousand shares)	102,041	102,041
Effect of dilution :		
Employee compensation — stock (thousand shares)	111	166
Weighted average number of common stocks after dilution (thousand shares)	102,152	102,207
Diluted earnings per share (NT\$)	\$1.75	\$4.08

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature relationship of related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Jih Long Industry Co., Ltd.	Other related parties
Jih Hong Electronic Co., Ltd.	Other related parties
Jih Yin Precision Co., Ltd.	Other related parties
Hongxiu International Investment Co., Ltd	Other related parties
Weishan International Investment Co., Ltd	Other related parties
MOSPEC Semiconductor Corp.	Other related parties
Tsai, Shang-Yen and other nine people	Key management personal of the Company
Speedy investment limited	Subsidiary
Jih Li Technology Co., Ltd	Subsidiary
Jih-Linchpin Limited	Subsidiary
Malaysian SH Precision Sdn.Bhd.	Subsidiary
SH Precision Co.,Ltd.	Subsidiary
Jinan Jihlong Technology Co., Ltd.	Subsidiary
Suzhou SH Precision Co., Ltd.	Subsidiary

(1) Sales

	<u>For the years ended</u> <u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$159,965	\$235,820
Other related parties	542	139
Total	<u>\$160,507</u>	<u>\$235,959</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection periods to foreign customers were month-end 30~180 days, and non-related parties domestic and foreign customers were month-end 30~180 days. The receivables from the related parties were not guaranteed.

(2) Purchase

	For the years ended December 31,	
	2023	2022
Subsidiaries	\$327,651	\$322,759
Other related parties	—	2,530
Total	<u>\$327,651</u>	<u>\$325,289</u>

The purchase price from the related parties was determined through mutual agreement in reference to market conditions. The payment periods to related parties were the same with other company, and were month-end three to four months.

(3) Receivables - related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
SH Precision Co., Ltd.	\$13,465	\$2,597
Malaysia SH Precision Sdn.Bhd.	8,023	32,289
Jinan Jihlong Technology Co., Ltd.	5,909	2,027
Others	801	809
Other related parties	261	32
Total	<u>\$28,459</u>	<u>\$37,754</u>

The credit conditions for the account receivable of the related parties are collection within 90 days after the sale which is equivalent to that of general customers.

(4) Other receivables - related parties

	December 31, 2023	December 31, 2022
Subsidiaries	—	\$97

(5) Account payables - related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
Suzhou SH Precision Co., Ltd.	\$92,166	\$85,539
Jinan Jihlong Technology Co., Ltd.	7,308	2,252
Others	1,491	754
Other related parties	—	1,391
Total	<u>\$100,965</u>	<u>\$89,936</u>

The credit conditions for the account payable of the related parties are payment within 90 days after the purchase which is equivalent to that of general supplier.

(6) Other payables - related parties

	December 31, 2023	December 31, 2022
Subsidiaries		
Jih Li Technology Co., Ltd	\$16,518	\$28,391
Others	195	87
Other related parties		
Jih Long Industry Co., Ltd	2,210	1,921
Others	918	1,264
Total	<u>\$ 19,841</u>	<u>\$31,663</u>

(7) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 18,636	\$16,841
Post-employment benefits	529	467
Total	<u>\$ 19,165</u>	<u>\$17,308</u>

(8) Commissioned processing

	For the years ended December 31,	
	2023	2022
Subsidiaries		
Jih Li Technology Co., Ltd	\$ 53,202	\$84,519
Others	301	340
Other related parties	9,730	10,051
Total	<u>\$ 63,233</u>	<u>\$94,910</u>

(9) Acquisition of property, plant and equipment

As of December 31, 2023 : None.

		For the year ended December 31, 2022	
		Cost	Price determination method
Name of the related parties	Asset Name		
Subsidiaries	Tooling	<u>\$244</u>	Negotiate

8. Assets Pledged as Collateral

None

9. Commitments and Off Balance Sheet Commitments

- (1) As of December 31, 2023, the Company had opened an unused letter of credit amounting to USD 1,419 thousand and JPY 12,927 thousand.
- (2) As of December 31, 2023, the Company had customs bond and the guarantees provided by bank to custom amounting to NT\$ 4,500 thousand.
- (3) As of December 31, 2023, please Note 13.(1), Page 70, for the endorsement guarantee provided by the Company.

10. Losses Due to Major Disasters

None

11. Significant Subsequent Events

None

12. Others

- (1) Categories of financial instruments

Financial assets

	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	\$322,730	\$292,894
Notes receivables and Account receivables (including related parties)	360,704	420,798
Other receivables (including related parties)	1,322	2,186
Refundable deposits	10	10
Total	<u>\$684,766</u>	<u>\$715,888</u>

Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	\$250,000	\$113,505
Notes payables, account payables and other payables (including related parties)	225,993	219,163
Long-term borrowings (including current portion)	1,319,147	1,386,847
Lease liabilities (including related parties)	102,450	105,724
Total	<u>\$1,897,590</u>	<u>\$1,825,239</u>

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk preference.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and JPY. The information of the sensitivity analyses is as follows:

- A. When NTD increased / decreased USD by 1%, the profit for the years ended December 31, 2023 and 2022 is increased by \$4,068 thousand and \$3,460 thousand, respectively, when NTD increase. And it decreased by \$(4,068) thousand and \$(3,460) thousand, respectively, when NTD decrease.
- B. When NTD increased / decreased JPY by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased by NT\$(10) thousand and increased by \$(99) thousand, respectively, when NTD increase. And it increased by NT\$10 thousand and decreased by NT\$99 thousand, respectively, when NTD decrease.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period. A change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to increase by \$1,569 thousand and increase by \$1,500 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all trading parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain trading parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2023 and 2022, amounts receivables from top ten customers represent 58.17% and 61.5%, respectively, of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
December 31, 2023					
Borrowings	\$406,423	\$1,121,244	\$54,261	\$317	\$1,582,245
Amounts payables	\$224,822	—	—	—	\$224,822
Lease liabilities	\$4,728	\$8,735	\$8,735	\$106,473	\$128,671
December 31, 2022					
Borrowings	\$279,471	\$1,166,191	\$65,238	\$703	\$1,511,603
Amounts payables	\$218,222	—	—	—	\$218,222
Lease liabilities	\$4,728	\$9,095	\$8,735	\$110,840	\$133,398

(6) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities :

- The carrying amount of cash and cash equivalents, accounts receivables, other receivables, other current assets, accounts payable, other payables and current portion of long-term borrowings approximate their fair value.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc).
- The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payable, other receivables and refundable deposits whose carrying amount approximate their fair value, the fair value of the Company's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying Amount	
	December 31, 2023	December 31, 2022
Financial liabilities		
Short-term borrowings	\$250,000	\$113,505
Long-term borrowings (including current portion)	\$1,319,147	\$1,386,847
	Fair value	
	December 31, 2023	December 31, 2022
Financial liabilities		
Short-term borrowings	\$250,000	\$113,505
Long-term borrowings (including current portion)	\$1,311,548	\$1,379,838

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8), Page 69, for fair value measurement hierarchy for financial instruments of the Company.

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023 :

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1, 2023	\$113,505	\$1,386,847	\$105,724	\$1,606,076
Cash flows	136,495	(67,700)	(4,728)	64,067 (Note1)
Non-cash changes				
Interest expense	—	—	1,454	1,454
As of December 31, 2023	<u>\$250,000</u>	<u>\$1,319,147</u>	<u>\$102,450</u>	<u>\$1,671,597</u>

Note 1: The amount does not include interest paid of 30,392 thousand and cash dividend of 357,143 thousand.

Reconciliation of liabilities for the year ended December 31, 2022 :

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$50,000	\$1,465,765	\$107,893	\$1,623,658
Cash flows	63,505	(78,918)	(4,727)	(20,140)(Note 2)
Non-cash changes				
Interest expense	—	—	2,558	2,558
As of December 31, 2022	<u>\$113,505</u>	<u>\$1,386,847</u>	<u>\$105,724</u>	<u>\$1,606,076</u>

Note 2: The amount does not include interest paid of 24,611 thousand and cash dividend of 408,164 thousand.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows :

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

Investment properties held by the Company are not measured at fair value. The fair value measurements of the investment properties were categorized within Level 3. The fair value of investment property is equivalent to the carrying value as of December 31, 2023 and 2022.

(9) Significant assets and liabilities denominated in foreign currencies (excluding functional currency)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below :

	December 31, 2023			December 31, 2022		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>						
Monetary item :						
USD	\$13,524	30.705	\$415,264	\$13,178	30.71	\$404,711
JPY	\$60,470	0.2172	\$13,134	\$26,515	0.2324	\$6,162
<u>Financial liabilities</u>						
Monetary item :						
USD	\$275	30.705	\$8,444	\$1,911	30.71	\$58,677
JPY	\$55,920	0.2172	\$12,146	\$68,904	0.2324	\$16,013

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were \$20,039 thousand and \$38,439 thousand for the years ended December 31, 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Additional Disclosures

(1) Information at significant transactions and on investees

Information at significant transactions and on investees for the year ended December 31, 2023 as below :

- A. Financing provided to others : None.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 1.
- C. Securities held (excluding investments in subsidiaries, associates and joint ventures): None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100,000 thousand or 20 percent of the capital stock : None.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300,000 thousand or 20 percent of the capital stock : None.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300,000 thousand or 20 percent of the capital stock : None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100,000 thousand or 20 percent of the capital stock : Please refer to Attachment 2.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100,000 thousand or 20 percent of capital stock : None.
- I. Financial instruments and derivative transactions : None.
- J. Names, locations and related information of investees : Please refer to Attachment 3.

- (2) Information on investments in mainland China
- A. Information on investments in mainland China : Please refer to Attachment 4.
 - B. Significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses for the year ended December 31, 2023 :
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period : Please refer to Attachment 5.
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period : Please refer to Attachment 5.
 - (c) The amount of property transactions and the amount of the resultant gains or losses : None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes : None.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds : None.
 - (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position : None.
- (3) Information of major shareholders : Please refer to Attachment 6.

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 1

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS :

No (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/Gu arantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 5)	Amount Actually Drawn (Note 6)	Amount of Endorsement / Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries (Note 7)	Endorsement provided to subsidiaries in Mainland China (Note 7)
	Name	Name	Nature of Relationship (Note 2)									
0	Jih Lin Technology Co.Ltd	Malaysian SH Precision Sdn. Bhd	2	\$1,442,923	\$100,000	\$100,000	—	—	0.00%	\$2,308,676	Y	N
0	Jih Lin Technology Co. Ltd	SH Precision Co.,Ltd	2	\$1,442,923	\$650,000	\$550,000	\$102,084	—	3.54%	\$2,308,676	Y	N

Note 1 : Companies are coded as follows:

(1) Jih Lin Technology Co., Ltd. is coded "0"

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with the Company.

(2) A subsidiary in which the Company holds directly over 50% of common equity interest.

(3) An investee in which the Company and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly or indirectly over 50% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to the Company, and vice versa, due to contractual requirements.

(6) A company in which the Company jointly invests with other shareholders, and for which the Company has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : According to regulations of endorsements/guarantees, the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares

The amount of guarantees/endorsements provided to a single entity is limited to \$1,442,923 thousand that 50% of the Company's net worth of \$2,885,845 thousand as of September 30, 2023; the maximum amount for guarantees/endorsement is \$2,308,676 thousand that 80% of the Company's net worth of \$2,885,845 thousand as of September 30, 2023

Note 4 : Maximum balance of endorsements/guarantees provided to others for current period.

Note 5 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors. However, where the authority has been delegated by the board to the chairperson in accordance with Subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this would be the amounts approved by the chairperson.

Note 6 : The company which endorsements/guarantees by the Company should disclosed the amount actually drawn within ending balance.

Note 7 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in Mainland China area coded "Y".

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 2

RELATED PARTY TRANSACTIONS FOR PURCHASES AND SALES AMOUNTS EXCEEDING THE LOWER OF NT\$100 MILLION OR 20 PERCENT OF THE CAPITAL STOCK :

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases/ Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	Subsidiary	Purchases	\$278,047	18.87%	120 days	NA	NA	Accounts Payables \$92,166	72.89%	
Suzhou SH Precision Co., Ltd.	SH Precision Co., Ltd	Associates	Sales	\$144,295	14.11%	60 days	NA	NA	Accounts Receivables \$32,157	13.44%	
Suzhou SH Precision Co., Ltd.	Jinan Jihlong Technology Co., Ltd	Associates	Purchases	\$ 138,342	24.32%	60 days	NA	NA	Accounts Payables \$9,031	8.90%	

Note 1: If the related party's transaction conditions are different from the general transaction conditions, the unit price and credit period column should state the difference and the reason.

Note 2: If there is an advance receipt (prepayment), the reason, payment terms, amount, and differences from the general transaction type should be stated in the Remark column.

Note 3: Capital stock refers to the stock of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the capital stock shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Attachment 3

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE (EXCLUDING INVESTEEES IN MAINLAND CHINA) :

Investor Company	Investee Company (Note1.2)	Location	Main business	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of Investee (Note2(2).3)	Investment Income (Loss) Recognized (Note2(3).3)	Note
				Ending balance	Beginning balance	Units and Shares	Percentage of ownership	Carrying amount			
Jih Lin Technology Co., Ltd	SPEEDY INVESTMENT LIMITED	United States	Investment holding	\$699,204	\$699,204	1	100.00%	\$1,069,082	\$34,199	\$33,853	-
Jih Lin Technology Co., Ltd	Jih Li Technology Co., Ltd	Taiwan	Lead frame manufacture and sales service	\$50,000	\$50,000	5,000	100.00%	\$60,646	\$(3,769)	\$(3,314)	-
Jih Lin Technology Co., Ltd	Jih-Linchpin Limited	Samoa	Investment holding	\$80,214	\$80,214	3,000	100.00%	\$798,694	\$69,351	\$70,157	-
Jih Lin Technology Co., Ltd	SH Precision Co.,Ltd	Japan	Lead frame manufacture and sales service	\$28,913	\$28,913	8	100.00%	\$372,040	\$74,758	\$72,936	-
Jih Lin Technology Co., Ltd	Malaysian SH Precision Sdn. Bhd	Malaysia	Lead frame manufacture and sales service	\$26,843	\$26,843	13,871	100.00%	\$397,364	\$65,937	\$65,149	-

Note 1: If the public company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

- (1) Column of "Investee company", "Address", "Main businesses and products", "Initial investment" and "Investment as of December 31, 2021" should be filled in order according to the reinvestment status of the public company and each directly or indirectly controlled investment and indicate the relationship between each investee company and the public company (if it is a subsidiary or a grandson company) in the note column.
- (2) The amount of net income (loss) of investee company should be filled in "Net income (loss) of investee company" column.
- (3) In column "Investment income (loss) recognized" only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee company evaluated by the equity method is required, and the rest is not required. When filling in the "recognition of the current profit and loss amount of each subsidiary for direct reinvestment", it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

INFORMATION ON INVESTMENT IN MAINLAND CHINA :

Mainland China Investee Company	Main Business	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment From Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment From Taiwan as of December 31, 2023	Net Income (Loss) of the Investee Company	Direct or Indirect Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Jinan Jihlong Technology Co., Ltd	Lead frame manufacture and sales service	\$649,784 (USD20,000 Thousand)	(2) SPEEDY INVESTMENT LIMITED	\$649,784 (USD20,000 Thousand)	—	—	\$649,784 (USD20,000 Thousand)	\$ 32,841	100.00%	(2).B \$32,841	\$1,073,391	\$ 245,818 (USD 7,778 Thousand)
Suzhou SH Precision Co., Ltd.	Lead frame manufacture and sales service	\$807,154 (USD25,075 Thousand)	(2) Jih-Linchpin Limited	\$79,912 (USD2,646 Thousand)	—	—	\$79,912 (USD2,646 Thousand)	\$ 69,381	100.00%	(2).B \$69,381	\$ 800,057	—

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 729,696 (USD22,646 Thousand)	\$ 793,601 (USD25,846 Thousand)	— (Note 3)

Note 1 : The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in the third area (Please specify the name of the company in third region).

(3) Others.

Note 2 : For the column of investment gain (loss) :

(1) If there is no investment gain (loss) during the preparation, it should be noted.

(2) If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows :

A.The financial report was audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.

B.The financial statements were audited by the auditors of the parent company.

C.Other.

Note 3 : The Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

INFORMATION ON INVESTMENTS IN MAINLAND CHINA_ THE AMOUNT AND PERCENTAGE OF PURCHASE AND THE BALANCE AND PERCENTAGE OF THE RELATED PAYABLES AT THE END OF THE PERIOD :

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases / Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd	Subsidiary	Sales	\$15,342	0.73%	120 days	NA	NA	Accounts Receivables \$5,909	1.67%	—
Jih Lin Technology Co., Ltd	Jinan Jihlong Technology Co., Ltd	Subsidiary	Purchases	\$40,845	2.77%	120 days	NA	NA	Accounts Payables \$7,308	5.78%	—
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd.	Subsidiary	Sales	\$825	0.04%	120 days	NA	NA	Accounts Receivables \$801	0.23%	—
Jih Lin Technology Co., Ltd	Suzhou SH Precision Co., Ltd	Subsidiary	Purchases	\$278,047	18.87%	120 days	NA	NA	Accounts Payables \$92,166	72.89%	—
Suzhou SH Precision Co., Ltd	SH Precision Co., Ltd	Associates	Sales	\$144,295	14.11%	60 days	NA	NA	Accounts Receivables \$32,157	13.44%	—
Suzhou SH Precision Co., Ltd	SH Precision Co., Ltd	Associates	Purchases	\$58,523	10.29%	60 days	NA	NA	Accounts Payables \$ 34,726	34.22%	—
Suzhou SH Precision Co., Ltd	Malaysian SH Precision Sdn. Bhd	Associates	Sales	\$9,907	0.97%	60 days	NA	NA	Accounts Receivables \$2,600	1.09%	—

(continued in next page)

Attachment 5(continued)

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(continued from previous page)

Company Name	Related Party	Relationships	Transaction Detail				Details of Abnormal Transaction		Notes/ Accounts Receivables (Payables)		Note
			Purchases / Sales	Amount	Percentage to Total Sales (Purchases)	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total Notes/Accounts Receivable (Payable)	
Suzhou SH Precision Co., Ltd	Jinan Jihlong Technology Co., Ltd	Associates	Sales	\$8,074	0.79%	60 days	NA	NA	Accounts Receivables \$—	—	—
Suzhou SH Precision Co., Ltd	Jinan Jihlong Technology Co., Ltd	Associates	Purchases	\$138,342	24.32%	60 days	NA	NA	Accounts Payables \$9,031	8.90%	—

JIH LIN TECHNOLOGY CO., LTD AND INVESTEEES

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

INFORMATION ON MAJOR SHAREHOLDERS

(In Shares)

Name of Major Shareholders	Share	
	Total Shares Owned	Ownership Percentage
Tsai, Shang-Yen	10,087,550	9.88%
Tsai, Shang-Ming	8,875,000	8.69%

Note 1 : Major shareholders in the Table above are shareholders owning 5% or more of the Company's common and preferred stocks (only the ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2 : Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be the ones owned by the persons plus the ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

JIH LIN TECHNOLOGY CO., LTD.

Chairperson : Shang-Yuan Tsai