Stock Code: 3437

Advanced Optoelectronic Technology Inc.

2023 Annual Report

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.

This annual report is accessible through the websites below:
Taiwan Stock Exchange Market Observation Post System: https://mops.twse.com.tw/
AOT Website: https://www.aot.com.tw/

May 13, 2023

Corporation Information

A. Spokesperson & Deputy Spokesperson information

Spokesperson: Fang, Jung-Hsi
Title: Chairman of the CEO and GM.
Tel: (03)597-6988
E-mail: ir@aot.com.tw
Deputy Spokesperson: Cheng, Chen-Hsun
Title: Div. Head of FA & Investment Management Div.
Tel: (03)597-6988
E-mail: ir@aot.com.tw

B. Headquarters, Branches and Plants

Headquarters
Address: No. 13, Gongye 5th. Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County, Taiwan, R.O.C.
Tel: (03)597-6988
Siwei Plant
Address: No.7-1, Siwei Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County, Taiwan, R.O.C.
Tel: (03)601-9188

C. Stock Transfer Agent

Name: Grand Fortune Securities Co., Ltd
Address: 6F, No.6, Sec. 1, Zhongxiao W. Rd., Taipei City, Taiwan, R.O.C.
Website: https://www.gfortune.com.tw/
Tel: (02)2371-1658

D. Auditors

Auditors: Lin, Po-Chuan & Chang, Shu-Chiung
Company: PricewaterhouseCoopers
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.
Website: https://www.pwc.tw/
Tel: (02)2729-6666

E. Overseas Securities Exchange: Not applicable.

F. Corporate Website: https://www.aot.com.tw/

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Section One - Letter to Shareholders

Dear Shareholders,

2023 was a year of twists and turns. The war between Russia and Ukraine has not stopped yet, and the Israel–Hamas conflict broke out. The conflict incurs the tension in the Middle East, volatile oil prices, and a crisis in the Red Sea, which has led to the diversion of merchant ships, the increase of transportation times and costs, and the disruption of global supply chains. In China, the housing market is sluggish, the outflow of supply chain continues, and the foreign capital outflow sustains. The economic recovery has not been as good as expected. To combat inflation, the U.S. Federal Reserve has raised interest rate continuously to the highest level in these 20 years. But the private consumption remains strong. According to the forecast of World Bank, the global growth has declined from 3.5% in 2022 to 3.1% in 2023. Meanwhile, the intensification of competition between the world's top two economies, the U.S. and China, continues and the enhancement or decline in relationship of OPEC and the emerging countries between the two countries will affect the future situation.

Trendforce estimates that TV shipments declined by 2.1% in 2023 due to the impacts from the weak economy. Affected by sharp inflation and high inventory, the demand for notebook was sluggish, and the shipments decreased by 10.8%, but the decline was narrowed down in 2023 compared with 2022. Smartphone shipments declined by 2.1% year-on-year due to weak terminal demand which was incurred from China's slower than expected post-pandemic recovery and global high inflation. Among the wearable devices, the shipments of smart watches increased slightly by 1.7% due to the overall weak economy, and the shipments of low-price smart bracelets, replaced by watches gradually, dropped by 37.7% year-on-year. The shipments of VR/AR device recovered to grow by 4.6% in 2023 compared with the decrease of 7.6% in 2022. According to S&P Global Mobility statistics, the global automotive sales increased by 2.8% in 2023. Due to the weak economy, automakers attempted to increase their sales through price cuts, and the price competition in the auto market has also led to a significant decline in automotive LED prices; In general, the LED backlight industry has declined significantly due to the sluggish consumer market, which has also greatly affected the Company's operations. In 2023, the revenue was reduced to NT$1.88 billion, the gross profit was NT$350 million, and the loss per share was NT$0.7.

2024 will not be a peaceful year, too. Globally, there will be 4.2 billion people to hold over 70 national elections. Especially, the US presidential election in November, the U.S will approach the path of protectionism more, and the geopolitical risks will be higher. At the same time, unresolved shipping risks, disruptions of global supply chain, volatile energy prices, declining but still high-level inflation, and global geopolitical tensions and regional military conflicts have further hampered economic development. The World Bank forecasts that global growth will be 3.1% in 2024, approximately the same as in 2023. The U.S. is expected to grow by 2.1%, China is expected to grow by 4.6% and both numbers are lower than 2023. Eurozone is expected to grow to 0.9% this year from 0.5% in 2023. The growth of advanced economics is projected to 1.5% and the growth of developing economics is 4.1%. The above of two numbers were slightly lower than and the same as in 2023.

As far as the LED industry is concerned, TrendForce predicts that in 2024, due to large-scale events such as the Paris Olympics and the European Cup, global TV shipments are expected to increase by 3.4% and the shipment dimensions are also expected to increase by 8.6% because of the expansion of product size. With the gradual destocking of the world's major notebook manufacturers, the slowdown in inflation, and the withdrawal of Microsoft's operating system Windows 10, the system upgrade of enterprise users is expected to drive the replacement of notebook and commercial displays, and the notebook market is expected to grow moderately, with an annual growth rate of about 3.6% in shipments. In terms of smartphone, shipments are expected to grow by only 3.0% due to the continuous extension of the replacement cycle by consumers, although the inventory is gradually decreasing. Among wearable devices, smart watches are still expected to have new product launches to drive a slight growth of about 1.2%, and smart bracelets continue to decline but the decline narrows to 19%. The VR/AR devices are expected to grow by only 2.8% due to the limited disposable income and service contents. For automotive, global vehicle sales are expected to grow, with electric vehicles growing by 29.8%. The Company's 2023 operation overview and 2024 business plan are stated as follows:

I. 2023 Operational Implementation Overview

(I) Implementation results of business plan

In 2023, the Company's net revenue was NT$1.973 billion, gross operating profit was NT$383 million, operating loss was NT$166 million, and the current net loss was NT$148 million, and the net loss per share after tax is NT$0.7.

Unit: NT$ Thousand

Item	2023		2022	
	Amount	%	Amount	%
Operating revenues	1,972,624	100.0%	2,410,672	100.0%
Gross profit	382,601	19.4%	307,368	12.8%
Operating income (loss)	(165,762)	(8.4%)	(172,812)	(7.2%)
Net income (loss)	(147,622)	(7.5%)	(142,246)	(5.9%)

(II) State of operating income and expense

The Company's net cash outflow was NT$5 million in 2023, and there is NT$1.388 billion in cash at the end of the period. The funds were considered sufficient.

Unit: NT$ Thousand

Item	2023	2022	Difference
Net cash inflow (outflow) from operating activities	953	270,162	(269,209)
Net cash inflow (outflow) from investing activities	(113,611)	(197,315)	83,704
Net cash inflow (outflow) from financing activities	120,916	(93,815)	214,731
Current cash and cash equivalents increase (decrease)	5,376	(20,007)	25,383

(III) Status of budget implementation

The Company did not disclose financial forecasts in 2023; therefore, it is not necessary to disclose the implementation status.

(IV) Profitability analysis

The entire year’s loss per share after tax in 2023 was NT$0.7.

(V) Research and development status

In 2023, a total of NT$127.531 million were spent in R&D, representing 6.47% of the operating revenue for the year, and increase as previous year. The R&D achievements in 2023 include the development of the following: Small-sized, thin, and high-efficiency backlighting LED components, High- efficiency TV backlighting LED components and modules, LED components for Head-Up Display for automotive applications and Head Mounted Display, Thin, small-sized semiconductor packaging, Mini LED components and modules for automotive backlighting, LED headlight, taillight, sidelight components and modules for automotive applications, LED components and modules for AR glasses projection illumination, digital proximity sensing component for mobile phone, etc.

II. Business plan and management policy in 2024

Looking forward to 2024, despite the uncertain economic prospects, niche markets such as AI applications and electric vehicles are still growing rapidly, and inventories in supply chain are gradually depleting. The company has invested in Mini LED backlight driver circuit and local dimming algorithm solution, and added LED backlight module product projects, including automotive, e-sports laptops, industrial control, TV and BG dual crystal high discoloration industrial control backlight modules, etc. And the company will continue to expand the market size of automotive Mini LED backlight and sensing components in smart phones, smart watches, and so on to contribute revenue and profit. In terms of new applications, the development of AR, VR, thin, small-sized semiconductor packaging and sensing products will continue, and the focus will be on the dual themes of metaverse and self-driving cars that will be developed and verified together with customers in preparation for future growth.

The management team and all employees of the Company will not only continue to improve the operating efficiency, but also promote the friendly environment and sound corporate governance and the fulfillment of corporate citizenship. The Company would like to thank all the shareholders for their long-term support.

Chairman: Fang, Jung-Hsi

Section Two - Company Profile

I. Date of establishment: October 2, 1999.

II. Company history:

October 1999	The Company was established, engaged in the packaging manufacturing of surface mount device (SMD) laser diodes (LD) and light emitting diodes (LED).
April 2000	The Company became the first domestic professional manufacturer to successfully develop the metal substrate for surface-mount encapsulation packaging technology.
September 2000	Completed setup of the machine for mass production of high-luminance surface-mount LEDs.
January 2001	Blue SMD LED officially entered mass production.
April 2002	Passed ISO 9001:2000 certification.
May 2004	Approved by the Investment Commission for establishing the subsidiary, ZHAN JING Technology (Shen ZHEN) Co., Ltd. in Mainland China.
July 2004	The Securities and Futures Bureau approved the public stock offering.
December 2004	Relocated to new plant in Hsinchu Industrial Zone.
April 2005	Listed as an Emerging Stock Market stock.
March 2006	Passed ISO 14001:2004 certification.
January 2007	Passed ISO TS16949:2002 certification.
June 2009	Withdrawal from public offering.
October 2009	Zhunan Branch was established to expand the scale of production.
February 2010	The Hsinchu Science Park Bureau approved the relocation of Zhunan Branch to Zhunan Science Park.
June 2010	The Chinese name of the Company was changed (from " Hsien Chin Kai Fa Corporation ” to “ Jung Chuang Corporation”), while the English name of the Company remains the same, and Mr. Chuang, Hong-Jen was elected as the Chairman.
April 2011	Zhunan Branch started mass production.
December 2012	The Company expanded the business items and scope of the mainland subsidiary, ZHAN JING Technology.
May 2013	The Securities and Futures Bureau approved the public stock offering.
June 2013	The Company was listed on the Taipei Exchange (TPEx) by emerging stock and listed.
January 2014	Won the "2013 Intellectual Property Team Honor Award - Optomechatronic Integration Engineering Silver Award" from Hon Hai Technology.
July 2014	The Company was listed on the Taiwan Stock Exchange.
September 2014	Expanded the production scale of Zhunan Base.
November 2014	Selected as one of the "2014 Deloitte Technology Fast 500 Asia Pacific".
January 2015	Hukou Branch Office and Zhunan Branch Office were awarded the Healthy Workplace Certification and Health Promotion Badge.
February 2015	The Company was awarded the "2014 Intellectual Property Organizational Honor Award - Optoelectronics and Imaging Silver Award" from Hon Hai Technology.
March 2015	Passed the ISO/TS 16949:2009 automotive quality management system certification (UL).
November 2015	The Board approved to purchase the land and factory at Siwei Road, Hsinchu Industrial Zone.
January 2016	Passed the IECQ QC080000:2012 hazardous substance management system certification (UL).

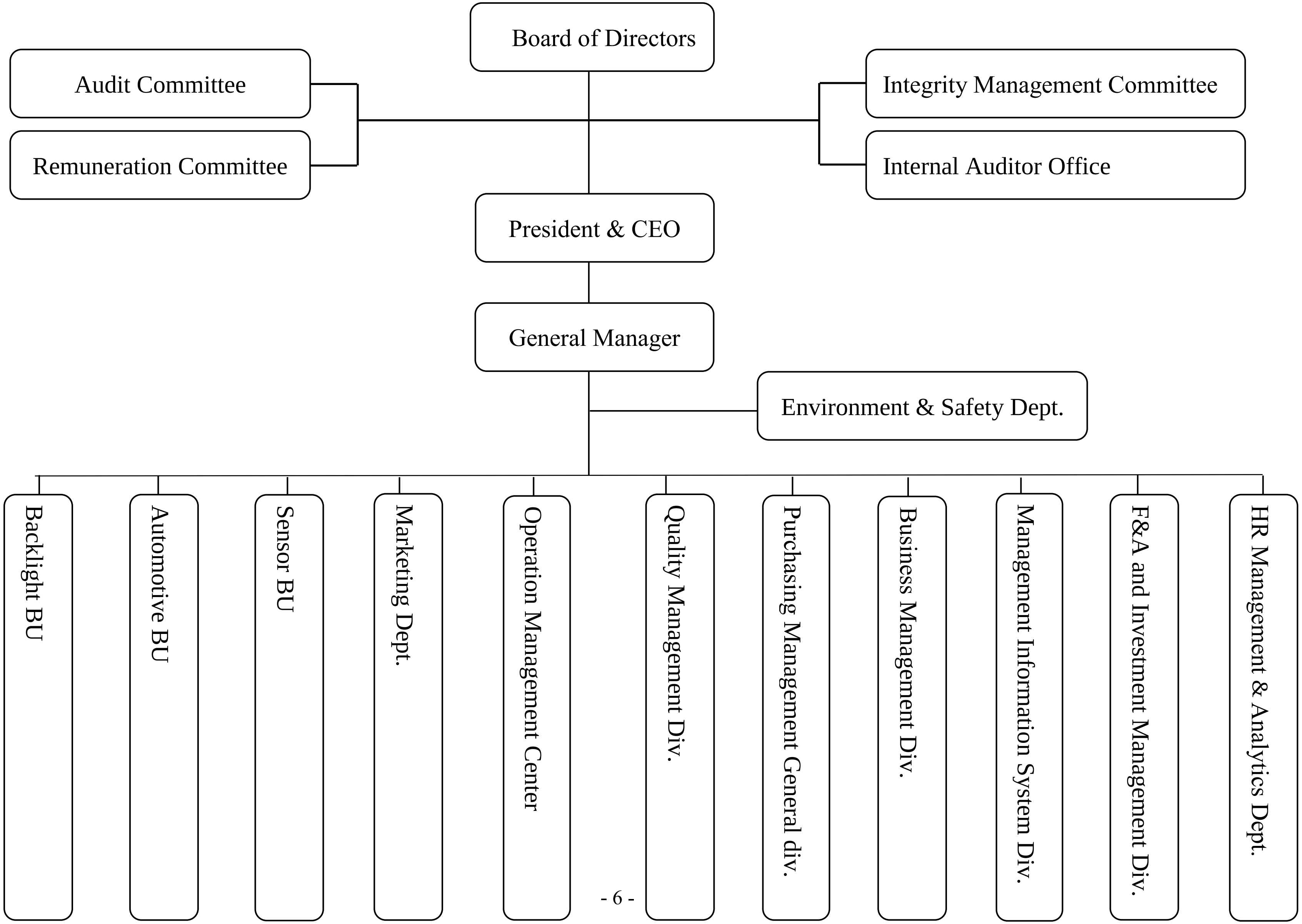
May 2016	Relocated Xionglin Plant to Siwei Plant.
May 2016	Siwei Plant completed the ISO 9001:2008 quality management system factory transfer certification (UL).
June 2016	Mr. Fang, Jung-Hsi was appointed as the chairman following a director's re-election.
September 2017	The subsidiary "GLORYLUX INC." was established.
January 2018	Capital increase by US$1 million for the subsidiary "ZHAN JING Tecnology (Shen ZHEN) Co., Ltd.".
January 2018	Zhunan Branch Office passed the IECQ QC080000:2012 Hazardous Substance Management System UL annual renewal evaluation.
January 2019	Siwei Plant passed the ISO 9001:2015 international quality management system certification and the IECQ QC 080000:2017 Hazardous Substance Process Management System certification.
February 2019	The Hukou Plant passed the IATF 16949:2016 automotive quality management system certification.
March 2019	The Zhunan Plant was relocated to Hukou Plant and Siwei Plant to improve operational efficiency.
November 2019	The Hsinchu Science Park Bureau approved the abolition of the Zhunan Branch.
November 2019	In order to fulfill corporate social responsibility, the Company donated and established the "AOT Foundation."
December 2019	Siwei Plant passed the renewal evaluation of the Hazardous Substance Process Management System (IECQ QC 080000:2017).
February 2020	The Hukou Plant passed the IATF 16949:2016 automotive quality management system certification renewal evaluation.
April 2020	Passed the ISO/IEC 17025:2017 laboratory management system certification.
August 2020	The Siwei Plant passed the IATF 16949:2016 automotive quality management system certification evaluation.
November 2020	Applied for the "LED Industry Integrated Smart Manufacturing and Production Information Application Technology Development Plan", which was granted a subsidy by Industrial Development Bureau, MOEA.
December 2020	Siwei Plant passed the renewal evaluation of the Hazardous Substance Process Management System (IECQ QC 080000:2017).
February 2021	Passed the ISO/IEC 17025:2017 laboratory management system certification renewal evaluation.
March 2021	Hukou Plant passed IATF 16949:2016 change of certification for quality management system for the automotive industry.
April 2021	Completion of certification for ISO14064-1 Greenhouse Gas Inspection.
May 2021	The dissolution registration of the subsidiary "GLORYLUX INC." was completed.
July 2021	Passed certification for ISO14001 Environmental Management System & Occupational Safety and Health Management System.
August 2021	The Siwei Plant passed the IATF 16949:2016 automotive quality management system certification renewal evaluation.
January 2022	The Hukou Plant passed the IATF 16949:2016 automotive quality management system certification renewal evaluation.
February 2022	Passed the ISO/IEC 17025:2017 laboratory management system certification renewal evaluation.
March 2022	Siwei Plant passed the change of certificate for the Hazardous Substance Process Management System (IECQ QC 080000:2017).
May 2022	Completion of the greenhouse gas verification for Hukou Plant and Siwei

	Plant passing the ISO14064-1:2016.
June 2022	The Siwei Plant passed the IATF 16949:2016 automotive quality management system certification renewal evaluation.
July 2022	Hukou Plant and Siwei Plant passed the ISO14001:2015 environmental management system verification.
July 2022	Hukou Plant and Siwei Plant passed the ISO45001:2018 environmental management system and CNS45001:2018 Occupational safety and health management system verification.
July 2022	The subsidiary "Asphetek Solution Inc." was established.
January 2023	Hukou Plant passed the IECQ QC080000 Hazardous Substance Process Management System, Factory Transfer Audit.
February 2023	The Hukou Plant passed the renewal evaluation for IATF 16949 automotive quality management system.
March 2023	Passed the change of certificate for the ISO/IEC 17025:2017 Laboratory Information Management System.
June 2023	The Siwei Plant passed the change of certificate for the IATF 16949:2016 automotive quality management system certification.
June 2023	Subsidiary Asphetek Solution Inc re-investment in China to establish Company "Asphetek Solution（Chengdu） Inc."
July 2023	Passed the ANSI/ESD S20.20-2021 Electrical Static Discharge prevention system verification.
December 2023	Hukou Plant passed the renewal evaluation of the Hazardous Substance Process Management System (IECQ QC 080000:2017).
February 2024	Passed the renewal Laboratory Information Management System (ISO/IEC 17025:2017).
March 2024	The Hukou Plant passed the change of certificate for the IATF 16949:2016 automotive quality management system certification.

Section Three - Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Functions and duties of main departments

Department	Main functions and duties
President & CEO	· Planning the development direction of the Company. · Implement the resolutions of the Board of Directors.
General Manager	· An overview of the Company's operational goals, business operations, and organizational management strategies. · Manage company affairs.
Integrity Management Committee	· Embed integrity and ethics into business strategies, and develop sound corporate governance and risk control mechanisms. · Assist the Board of Directors and the management in reviewing and assessing whether the implementation of ethical corporate management measures are operating effectively, and evaluate related business processes on a regular basis to prepare reports.
Internal Auditor Office	· Responsible for the evaluation and implementation of the Company's audit operation and internal control system, and provide suggestions for improvement to promote effective operation.
Backlight BU	· Responsible for the strategic directions of business operation of backlight products and introducing products into mass production.
Automotive BU	· Responsible for the strategic directions of business operation of in-vehicle products and introducing products into mass production.
Sensor BU	· Responsible for the strategic directions of business operation of sensing products and introducing products into mass production.
Marketing Dept.	· Responsible for the business development, sales, and customer service of the Company's products, and the formulation of business strategies and development directions.
Operation Management Center	· Formulate plant operation plans, set annual goals, execute and achieve various operation performances. · Audits and traces the daily operations of the factory premises to assist in the development of new products and the smooth progress of production. · Cross-plant coordination and resource integration scheduling. · Promotes improvements and implements plant data management.
Quality Management Div.	· Implementation, planning, management, and maintenance of the quality system. · Control over product quality.
Business Management Div.	· Executes business management strategies, analyzes the Company's business performance and product performance, and offers recommendations. · Manage budgets and allocate resources effectively.
Purchasing Management General div.	· Master the mainstream specifications in the market and stabilize the relationship with the supply chain to improve the cost competitiveness of the supply chain. · Ensuring the competitive procurement cost of fixed capital and consumables in the industry. · Master the collection and analysis of new equipment and new market information.
Management Information System Div.	· Design the information management system in line with the corporate management strategy and model. · Provide real-time decision support system and management information to improve decision-making, management and problem resolution speed.

	· Improve the efficiency of internal and external operating procedures to reduce costs and improve quality and speed. · Establishes information security management policies and computer security protection control.
F&A and Investment Management Div.	· Comprehensive management of the Company's finance, accounting, taxation and provides financial and accounting information. · Implementation of investment plans, risk avoidance, industrial and commercial registration and share registration matters.
HR Management & Analytics Dept.	· Integrate the Company's human resource functions, including the selection, employment, education, and retention of personnel. · General and administrative affairs. · Comprehensive review of corporate contracts and legal matters. · Plan the global patent layout and application process for products.
Environment & Safety Dept.	· Responsible for the Company's environmental protection, occupational safety and health, etc. · Formulate occupational hazard prevention plans, promote an occupational safety and health management system, and implement the Company's environmental, safety and health policy management.

II. Information of Directors, Supervisors and Management Team:

(I) Directors and Supervisors

1. Basic Information

May 13, 2024

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of Office (year)	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer, director, or supervisor with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Job title	Name	Relationship	
Chairman	ROC	Fang, Jung-Hsi	M 51~60	2022.06.29	3	2007.09.28	1,007,000	0.70%	1,007,000	0.70%	–	–	3,350,000	2.32%	Master, Dept. of Materials Science and Engineering, National Tsing Hua University Sales Dept. Head of Allied Material Technology Corp. Dept. head, Innolux Corp General Manager, Advanced Optoelectronic Technology(AOT)	CEO, Advanced Optoelectronic Technology Chairman, Asphetek Solution Director, Advanced ptoelectronic Technology Holding LTD Director, AOT Holding LTD Director, Elux, Inc. Chairman, Chi-Yu Investment Industrial Co., Ltd Director, Epileds Technologies	–	–	–	1
Director	ROC	Chuang, Hong-Jen	M 71~80	2022.06.29	3	2010.06.22	3,206,000	2.22%	3,206,000	2.22%	–	–	–	–	Master, Dept. of Accounting, Soochow University Chairman, Innolux Corp. Chairman, Advanced Optoelectronic Technology Chairman, GIS Holding LTD	Chairman, Fu Chu Technology Chairman, Yung Li Investment Chairman, Hong Wei Company Chairman, Honghan Investment Chairman, Riquan Investment Chairman, Lianju Investment Co., Chairman, Yili Investment Co., Chairman, Yongyao Biotech Corp. Chairman, Yonglin Yonglin Biotech Corp. Director, eChem Solutions Corp.	–	–	–	–
Director	ROC	Chang, Deng-Kai	M 51~60	2022.06.29	3	2013.09.25	60,999	0.04%	60,999	0.04%	–	–	–	–	Master, Dept. of Business Management, Daito Bunka University, Japan Dept head of CEO office , Chi Mei Optoelectronics Corp.	Chairman & General Manager , Century Technology (Shen Zhen) LTD	–	–	–	–
Independent Director	ROC	Liu, Shi-Heh	M 61~70	2022.06.29	3	2016.06.24	–	–	–	–	–	–	–	–	Master, Dept. of Finance, National Taiwan University Bureau of Foreign Trade, Ministry of Economic Affairs Specialist, TSEC VP of Sales, Fubon Securities Co., President, Unicon Optical Co.,	Director, Generalplus Technology Inc.	–	–	–	–

Job title	Nationality or place of registration	Name	Gender, age	Date of election / appointment to current term	Term of Office (year)	Commencement date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer, director, or supervisor with which the person has a relationship of spouse or relative within the second degree			Note
							No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%			Job title	Name	Relationship	
															President, Empire Vision Optical ,					
Independent Director	ROC	Yu, Hsiang-Tun	M 61~70	2022.06.29	3	2016.06.24	4,000	0.003%	4,000	0.003%	—	—	—	—	B.S., Dept. of Business Academy, Keio University, Japan Acting Manager, Int'l Business Dept., Yamaichi Securities, Japan General Manager, Yamaichi Merchant Bank (Singapore) Ltd., Section Manager, Trust Custody Dept., Merrill Lynch, Japan Minister, Management and Legal Dept., Prudential Financial Securities Investment Trust Enterprise, Japan Vice Minister, Daiwa Asset Management Co. Ltd., Japan	Director, GIS Holding LTD	—	—	—	—
Independent Director	ROC	Charles W. Tu	M 71~80	2022.06.29	3	2021.07.20	—	—	—	—	—	—	—	—	Ph.D. of Engineering and Applied Science, Yale University Researcher of AT&T Bell Labs Dean of Dept. Electrical & Computer Engineering, UCSD VC, College of Engineering, UCSD	Honorary Professor, Dept of Electrical & Computer Engineering, UCSD Yushan scholar of National Chung Hsing University	—	—	—	—
Independent Director	ROC	Wang, Shu-Lan	F 61~70	2022.06.29	3	2022.06.29	—	—	—	—	—	—	—	—	Master of Business Administration, California Miramar University. Special Assistant to Chairperson, Sunplus Technology Co., Ltd.	Director, Sunplus mMedia Inc. Director, Jumplux Technology Supervisor,Shanghai Sunplus Technology Co., Ltd. Supervisor, Sunplus App Tech. Director, Beijing Sunplus-Ehue Technology Co., Ltd. Supervisor, Sunplus Prof-tek Technology(Shenzhen) Co., Supervisor, Sunmedia Tech. Supervisor, Chongqing Shuangxin Technology Co.,Ltd.	—	—	—	—

Note 1: The reason why the chairman serve as CEO and GM concurrently is for future development, higher operation efficiency and enhancing decision making. The company has set up four independent directors to improve the board 'competency and enhance supervising function; and a majority of directors do not concurrently serve as an employee or managerial officer ; therefore, the board keeps objective in making decision.

2. Information disclosure on the professional qualifications of the directors, and state of independence of the independent directors

May 13, 2024

Criteria / Name	Gender	Professional qualifications and experiences	State of independence	Number of public companies in which Independent Directors also hold positions
Director Fang, Jung-Hsi	M	· Possesses work experience in commercial, legal, or other areas required by the company business. · Masters, Department of Materials Science and Engineering, National Tsing Hua University · Previously served as Sales Director of Allied Material Technology Corp., Director of Innolux Corporation, GM of Advanced Optoelectronic Technology., · Is not under any of the circumstances as described in Article 30 of the Company Act.	Not applicable	None
Director Chuang, Hong-Jen	M	· Possesses work experience in commercial, legal, finance, accounting or other areas required by the company business. · Masters, Department of Accounting, Soochow University · Previously served as Chairperson of Innolux Corporation, Chairperson of Advanced Optoelectronic Technology., Chairperson of GIS. · Is not under any of the circumstances as described in Article 30 of the Company Act.	Not applicable	None
Director Chang, Deng-Kai	M	· Possesses work experiences in commercial, legal or other areas required by the company business. · Masters in Business Administration, Daito Bunka University in Japan. · Previously served as General Director of CEO Office, Chimei Innolux Corporation. Currently, is serving as Chairperson and President of Century Technology (shenzhen) Corporation limited. · Is not under any of the circumstances as described in Article 30 of the Company Act.	Not applicable	None

Independent Director Liu, Shi-Heh	M	· Possesses work experience in commercial, legal, finance, accounting or other areas required by the company business. · Masters, Department of Finance, National Taiwan University. · Previously served as Specialist of Taiwan Stock Exchange Corporation, Bureau of Foreign Trade, Sales Vice President of Fubon Securities Co., Ltd., Chairperson of Empire Vision, Chairperson of Unicon Optical Co., Ltd. · Is not under any of the circumstances as described in Article 30 of the Company Act.	· The Director, his/her spouse, and none of his/her relatives within the second degree of kinship are a Director, Supervisor or employee of the Company or of other affiliated enterprises. · The Director, his/her spouse, and relatives within the second degree of kinship do not hold Company shares. · Does not hold position as a director, supervisor or employee of a designated company that has a specified relationship with the Company. · Has neither provided business, legal, financial, or accounting services to the Company or its affiliates nor has obtained compensation for the aforementioned services in the most recent two years. · The Independent Director Liu, Shi-Heh meets the independence status.	None
Independent Director Yu, Hsiang-Tun	M	· Possesses work experience in commercial, legal, finance, accounting or other areas required by the company business. · Faculty of Business and Commerce, Keio University. · Previously served as Section Manager, Sales Department, Yamaichi Securities Co., Ltd., GM of Singapore Yamaichi Merchant Bank, Section Manager, Trust and Custody Department, Merrill Lynch Japan, Head of Legal Department, PGIM Japan, Deputy Head of International Management Department, Daiwa Securities Group Inc. · Is not under any of the circumstances as described in Article 30 of the Company Act.	· The Director, his/her spouse, and none of his/her relatives within the second degree of kinship are a Director, Supervisor or employee of the Company or of other affiliated enterprises. · Holds company shares for 4,000 shares, with shareholding at 0.003%. · Does not hold position as a director, supervisor or employee of a designated company that has a specified relationship with the Company. · Has neither provided business, legal, financial, or accounting services to the Company or its affiliates nor has obtained compensation for the aforementioned services in the most recent two years. · The Independent Director Yu, Hsiang-Tun meets the independence status.	None

Independent Director Charles W. Tu	M	· An instructor or higher in a department related to the business needs of the company in a public or private junior college, college, or university. · PhD, School of Engineering & Applied Science, Yale University, USA. · Previously served as Researcher, AT&T Bell Labs, Head of Computer Science & Engineering Department, University of California, San Diego. Currently serving as Honorary Professor, University of California, San Diego, Yushan Scholar, National Chung Hsing University. · Is not under any of the circumstances as described in Article 30 of the Company Act.	· The Director, his/her spouse, and none of his/her relatives within the second degree of kinship are a Director, Supervisor or employee of the Company or of other affiliated enterprises. · The Director, his/her spouse, and relatives within the second degree of kinship do not hold Company shares. · Does not hold position as a director, supervisor or employee of a designated company that has a specified relationship with the Company. · Has neither provided business, legal, financial, or accounting services to the Company or its affiliates nor has obtained compensation for the aforementioned services in the most recent two years. · The Independent Director Charles W. Tu meets the independence status.	None
Independent Director Wang, Shu-Lan	F	· Possesses work experiences in commercial, finance, accounting or other areas required by the company business. · Master of Business Administration, California Miramar University. · Previously served as Special Assistant to Chairperson, Sunplus Technology Co., Ltd. · Is not under any of the circumstances as described in Article 30 of the Company Act.	· The Director, his/her spouse, and none of his/her relatives within the second degree of kinship are a Director, Supervisor or employee of the Company or of other affiliated enterprises. · The Director, his/her spouse, and relatives within the second degree of kinship do not hold Company shares. · Does not hold position as a director, supervisor or employee of a designated company that has a specified relationship with the Company. · Has neither provided business, legal, financial, or accounting services to the Company or its affiliates nor has obtained compensation for the aforementioned services in the most recent two years. · The Independent Director Wang, Shu-Lan meets the independence status.	None

3. Diversity and independence of the board of directors:
(1) Diversity of the board of directors
A. Diversity policy of the board of directors:
In order to strengthen corporate governance, promote the sound development of the composition and structure of the board of directors, and implement the board member diversity policy, the company regulates the diversity policy of board members in the "Corporate Governance Practice Principle". Board members should generally possess the necessary knowledge and skills to perform their duty. In order to achieve the ideal goals of corporate governance, the board of directors as a whole should have the following abilities:

(A) Operational judgment ability.
(B) Accounting and financial analysis capabilities.
(C) Operation and management capabilities.
(D) Crisis handling capabilities.
(E)Industrial knowledge.
(F)International market perspective.
(G)Leadership.
(H) Decision-making ability.

The current board of directors of the company is composed of 7 directors, including 4 independent directors and 3 non-independent directors. The directors directors are all outstanding figures in industry and academia. They have diverse and complementary industrial experience and professional abilities in finance, accounting, law, etc., and are in line with the management objectives of diversification policy for the board of directors.

B. Implementation situation:
The tenth board of directors has a total of 7 members. The members have professional backgrounds in law, industry, accounting, marketing and technology. They have different professional backgrounds and possess the capabilities of operation management and leadership decision-making, operational judgment and crisis management, accounting and financial analysis. Professional capabilities such as industrial knowledge and international market perspective demonstrate the effectiveness of diversification and complementation. All members of the board of directors are nationals of the Republic of China, with ages ranging from 54 to 73 years old; there is one director who is also the company manager, accounting for 14% of the board members, meeting the management goal of not exceeding one-third; four independent directors account for the proportion of the board members 57%, surpassing the one-third management target. One female independent director on the board of directors which also has reached the management objectives at least 1 female director on the board of directors.

State of implementation on related diversity policy is as in the table below:

Items / Name	Gender	Professional background					Professional skills				
		Legal	Industry	Finance and accounting	Marketing	Tech.	Business management and leading strategic decisions	Operations judgement and crisis handling	Accounting and Financial Analysis Skills	Industry Knowledge	Int'l Market Perspectives
Fang, Jung-Hsi	M	V	V		V	V	V	V		V	V
Chuang, Hong-Jen	M	V	V	V	V	V	V	V	V	V	V
Chang, Deng-Kai	M	V	V		V	V	V	V		V	V
Liu, Shi-Heh	M	V		V	V		V	V	V		V
Yu, Hsiang-Tun	M	V		V	V		V		V		V
Charles W. Tu	M		V			V	V			V	V
Wang, Shu-Lan	F		V	V	V		V		V	V	V

Specific management goals and achievement status of diversification policies are as follows:

Management Goal	Achievement Status
No more than one-third of the board seats should be held by executive directors.	Achieved
The board should include at least one female member.	Achieved
Independent directors should hold more than one-third of the board seats.	Achieved

(2)Independence of the Board of Directors:

The re-election of directors was carried out in the shareholders' meeting during June 2022. The number of independent directors had increased from 3 seats to 4 seats, with one being held by a female board member. There have been no circumstances of spouses or relatives within two degree of kinship among the directors, and there have been no circumstances as stated in Paragraph 3 and 4 of Article 26-3 of the Taiwan Securities and Exchange Act.

(II) Information of Management Team

May 13, 2024

Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Note
					No. of shares	%	No. of shares	%	No. of shares	%			Job title	Name	Relationship	
CEO and GM	ROC	Fang, Jung-Hsi	M	2018.08.09	1,007,000	0.70%	—	—	3,350,000	2.32%	Masters, Department of Materials Science and Engineering, National Tsing Hua University Sales Dept. Head of Allied Material Technology Corp. Director of Innolux Corporation GM, Advanced Optoelectronic Tech.	Chairman, Asphetek Solution Director, Advanced Optoelectronic Technology Holding LTD Director, AOT Holding LTD Director, Elux Inc. Chairman, Chi-Yu Investment Director, Epileds Technologies	—	—	—	1
General Manager	ROC	Huang, Yu- Liang (Note2)	M	2018.08.09	(Note2)	(Note2)	—	—	—	—	Bachelor of Mechanical Engineering, National Taiwan University of Science and Technology Manager, Chi Mei Electronics	(Note2)	—	—	—	2
Director BU of Backlight	ROC	Lo, Shih-siang	M	2021.04.06	—	—	—	—	—	—	EMBA, National Cheng Kung University. Business Specialist, Zyxel Technology	—	—	—	—	—
Director BU of Automotive	ROC	Ho, Hsing-Wei	M	2022.01.01	—	—	—	—	—	—	Bachelor, Dept .of Industrial Engineering, Feng Chia University Dept head, Edison Optoelectronics	—	—	—	—	—
Director Operation Management Center	ROC	Yao, Chin-Hsing	M	2021.04.06	—	—	—	—	—	—	Master, Industrial Engineering and Management, Chunghwa University Dept head, Wang Falcon Technology	—	—	—	—	—
Div. Head of GM office	ROC	Chen, Chang-Ho	M	2015.08.31	—	—	—	—	—	—	Ph.D. in Materials Mechanics, Duke University, USA Dept head, R&D and Marketing, Walsin Lihwa RD Director, Lixu Optoelectronics	—	—	—	—	—
Div. Head of F&A and Investment Management	ROC	Cheng, Chen-Hsun	M	2011.05.13	18,000	0.01%	—	—	—	—	Bachelor, Dept. of International Business, National Taiwan University Accounting Manager, Innolux Corp.	Director, Epileds Technologies, Supervisor, Asphetek Solution Inc. Supervisor, Asphetek Solution (Chengdu) Inc. Director,Hua Yang Precision Machinery Co., Ltd.	—	—	—	—

Note 1: The reason why the chairman serves as CEO and GM concurrently is for future development, higher operation efficiency and enhancing decision making. The company has set up four independent directors to improve the board' competency and enhance supervising function; and a majority of directors do not concurrently serve as an employee or managerial officer; therefore, the board keeps objective in making decision.

Note 2: Huang, Yu- Liang resigned in December, 2023

III. Remuneration paid to Directors, Supervisors and management team in the most recent fiscal year

(I) Remuneration paid to Directors

Unit: NT$ thousand; Shares: thousand

Job title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base Compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
																The Company		All consolidated entities				
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	Cash	Stock	Cash	Stock	The Company	All consolidated entities	
Chairman	Fang, Jung-Hsi	120	120	-	-	-	-	-	-	120 -0.12%	120 -0.12%	4,045	4,045	-	-	-	-	-	-	4,165 -4.11%	4,165 -4.11%	20
Director	Chuang, Hong-Jen	120	120	-	-	-	-	-	-	120 -0.12%	120 -0.12%	-	-	-	-	-	-	-	-	120 -0.12%	120 -0.12%	無
Director	Chang, Deng-Kai	120	120	-	-	-	-	-	-	120 -0.12%	120 -0.12%	-	-	-	-	-	-	-	-	120 -0.12%	120 -0.12%	無
Independent Director	Liu, Shi-Heh	360	360	-	-	-	-	25	25	385 -0.38%	385 -0.38%	-	-	-	-	-	-	-	-	385 -0.38%	385 -0.38%	無
Independent Director	Yu, Hsiang-Tun	360	360	-	-	-	-	25	25	385 -0.38%	385 -0.38%	-	-	-	-	-	-	-	-	385 -0.38%	385 -0.38%	無
Independent Director	Charles W. Tu	360	360	-	-	-	-	25	25	385 -0.38%	385 -0.38%	-	-	-	-	-	-	-	-	385 -0.38%	385 -0.38%	無
Independent Director	Wang, Shu-Lan	360	360	-	-	-	-	25	25	385 -0.38%	385 -0.38%	-	-	-	-	-	-	-	-	385 -0.38%	385 -0.38%	無

1. Please describe the policy, system, standards and structure in place for paying remuneration to independent directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid;
   (1) The remuneration paid to independent directors is according to the company's Articles of Incorporation and resolved by the Remuneration Committee.
   (2) The remuneration of independent directors includes monthly compensation and Traveling expenses according to the individual responsibility and the standard of the same industry.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.

(II) Remuneration paid to Supervisors: Not applicable.

(III) Remuneration paid to the Management Team

Unit: NT$ thousand

Job title	Name	Salary(A)		Retirement pay and pension (B)		Rewards, and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Fang, Jung-Hsi	3,920	3,920	-	-	125	125	-	-	-	-	4,045 -3.99%	4,045 -3.99%	20
General Manager	Huang, Yu- Liang (Note 1)	3,113	3,113	101	101	81	81	-	-	-	-	3,295 -3.25%	3,295 -3.25%	無

Note 1: Huang, Yu- Liang resigned in December, 2023

(IV) Remuneration to the Five Highest Remunerated Management Personnel

Unit: NT$ thousand

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards, and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Fang, Jung-Hsi	3,920	3,920	0	0	125	125	-	-	-	-	4,045 -3.99%	4,045 -3.99%	20
General Manager	Huang, Yu- Liang (Note 1)	3,113	3,113	101	101	81	81	-	-	-	-	3,295 -3.25%	3,295 -3.25%	None
Director BU of Automotive	Ho, Hsing-Wei	2,256	2,256	108	108	36	36	-	-	-	-	2,400 -2.37%	2,400 -2.37%	None
Div. Head of GM office	Chen, Chang-Ho	2,284	2,284	108	108	0	0	-	-	-	-	2,392 -2.36%	2,392 -2.36%	None
Director Operation Management Center	Yao, Chin-Hsing	2,255	2,255	108	108	21	21	-	-	-	-	2,384 -2.35%	2,384 -2.35%	None

Note 1: Huang, Yu- Liang resigned in December, 2023

(V) Employee compensation to the management team

Unit: NT$ thousand

	Title	Name	Employee compensation in stock	Employee compensation in cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	CEO	Fang, Jung-Hsi	0	0	0	0
	General Manager	Huang, Yu-Liang(Note1)				
	Director BU of Backlight	Lo, Shih-Hsiang				
	Director BU of Automotive	Ho, Hsing-Wei				
	Director Operation Management Center	Yao, Chin-Hsing				
	Special Assistant Dept. of New Technology Development	Tseng,Wen-Liang				
	Div. Head of GM office	Chen,Chang-Ho				
	Div Head of F&A and Investment Management	Cheng, Chen-Hsun				

Note 1: Huang, Yu- Liang resigned in Dec, 2023.

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

1. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents and vice presidents, and analyze.

Year	2022		2023	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
The total amount of remuneration paid to Directors, Supervisors, presidents and vice presidents	-6.42%	-6.42%	-9.12%	-9.12%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) The remuneration paid to directors and supervisors is according to the company's Articles of Incorporation and resolved by the Remuneration Committee. The Remuneration paid to presidents and vice presidents is according to the company's regulations of personnel matters and resolved by the Remuneration Committee.
(2) Management compensation includes fixed salary, bonus, allowance and employee compensation. The contents of compensation are according to the professional skill, responsible fields and the benchmark comparing industry peers' similar positions.
(3) The adjustment of salary and the allocation of bonus and profit sharing are planned according to the company's business results and personal performance. The above plan shall be approved by the Remuneration Committee before implementation.

IV. Implementation of Corporate Governance:

(I) Information on implementation of Board of Directors:

Five meetings (A) were held by the Board of Directors in the most recent year (2023) with their attendance shown as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)(B/A)	Remarks
Chairman	Fang, Jung-Hsi	5	0	100%	
Director	Chuang, Hong-Jen	5	0	100%	
Director	Chang, Deng-Kai	4	0	80%	
Independent Director	Liu, Shi-Heh	5	0	100%	
Independent Director	Yu, Hsiang-Tun	5	0	100%	
Independent Director	Charles W. Tu	5	0	100%	
Independent Director	Wang, Shu-Lan	5	0	100%	

Other noteworthy matters:

1. The Board Meeting's date, session, contents of motions , all Independent Directors' opinions and the Company's actions in response to the opinions if any of the following occurred:

（1）Matters specified in Article 14-3 of Securities and Exchange Act

Date	Session	Contents of Motions	Independent Directors' opinions	the Company's actions in response to the opinions	Resolution
2023.03.10	The 5th meeting of the 10th Board	● The appointment of the current CPAs of "Pricewaterhouse Coopers" to continue serving as the Company's CPAs. ● The agreement to sign the "Derivatives Trading" contract with the bank in the second quarter of 2023. ● The amendments to the Company's "Corporate Governance Best Practice Principles." ● The amendments to the Company's " Sustainable Development Best Practice Principles." ● Pre-approval of the certified public accountant, their firm, and the firm's affiliates to provide non-assurance services to the Company, its parent company, and subsidiaries.	None	None	Approved by all Directors
2023.05.09	The 6th meeting of the 10th Board	● The agreement to sign the "Derivatives Trading" contract with the bank in the third quarter of 2023.. ● The motion to establish the subsidiary "Asphetek Solution Inc." in Taiwan. ● The amendments to the Company's " Rules Governing Financial and Business Matters Between this Corporation and its Related Parties."	None	None	Approved by all Directors
2023.08.10	The 7nd meeting of the 10th Board	● The agreement to sign the "Derivatives Trading" contract with the bank in the forth quarter of 2023.. ● The amendments to the Company's " Rules Governing Financial and Business Matters Between this Corporation and its Related Parties." ● The change of the audit supervisor.	None	None	Approved by all Directors
2023.11.09	The 8rd meeting of the 10th Board	● The agreement to sign the "Derivatives Trading" contract with the bank in the first quarter of 2024.. ● The amendments to the Company's " Standard Operating Procedure for Handling Director Requests." ● The change of the audit supervisor.	None	None	Approved by all Directors

Date	Session	Contents of Motions	Independent Directors' opinions	the Company's actions in response to the opinions	Resolution
2023.12.21	The 9th meeting of the 10th Board	● The internal audit plan for 2024.	None	None	Approved by all Directors

(2) Other matters apart from the aforementioned where an independent director has a dissenting opinion or qualified opinion: None

2. Effort made by directors in preventing Conflict of Interests when required (the name of directors, the contents of motion, the reasons of preventing conflict of interests and the resolutions shall be noted if any): None.

3. The Board of Directors Evaluation and Implementation

Cycles	Once a year and completed before the end of first Quarter of the next year	
Period	2023.1.1~2023.12.31	
Scope	The performance evaluation of the entire board of directors and the individual director	
Method	Self evaluation of the performance of the board of directors and the individual director	
Content	The self- evaluation of the board of directors	The self- evaluation of the individual director
	● The degree of participation in the company's operations ● Improvement of board decision quality ● The composition and structure of the board of directors ● The selection and continuing education of directors ● Internal control	● Understanding of the Company's goals and mission ● Awareness of directors 'duties ● The degree of participation in the company's operations ● Internal relationship management and communication ● Continuing education of directors ● Internal control

4. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years:

(1) The company adopted "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" to set up "The Meeting Rules of the Board of Directors" to follow up. The company will announce the attendance of the directors in MOPS.

(2) In order to enhance the openness of information, the important resolutions of the board of directors are announced in Material Information of MOPS.

(3) The company arranges the members of the Board of Directors continuing education to enhance the competency of directors. The information of courses of 2023 is as the followings:

Title	Name	Date		Host	Name of course	hours
		From	To			
Chairman	Fang, Jung-Hsi	2023/07/27	2023/07/27	Corporate operating and sustainable development association certificate of training	Protection of Trade Secrets and Prevention of Insider Trading: Strategies and Responses	3.0
		2023/10/26	2023/10/26	Corporate operating and sustainable development association certificate of training	Sustainable Corporate Governance: Gender Equality and Diverse Decision-Making	3.0
Director	Chuang, Hong-Jen	2023/07/27	2023/07/27	Corporate operating and sustainable development association certificate of training	Protection of Trade Secrets and Prevention of Insider Trading: Strategies and Responses	3.0
		2023/10/26	2023/10/26	Corporate operating and sustainable development association certificate of training	Sustainable Corporate Governance: Gender Equality and Diverse Decision-Making	3.0
Director	Chang, Deng-Kai	2023/09/07	2023/09/07	Securities and Futures Institute	The Technological Advancement and Business Opportunities in Electric and Smart Vehicles	3.0
		2023/10/24	2023/10/24	Corporate operating and sustainable development association certificate of training	Legal Regulations and Practical Case Studies of Insider Trading	3.0
Independent Director	Liu, Shi-Heh	2023/07/07	2023/07/07	Taiwan Corporate Governance Association	The Explosive Growth of Artificial Intelligence: Technological Development and Business Opportunities of ChatGPT	3.0
		2023/10/13	2023/10/13	Securities and Futures Institute	2023 Insider Trading Prevention Seminar	3.0
		2023/10/24	2023/10/24	Taiwan Corporate Governance Association	Applications, Legal Issues, and Auditing of AI	3.
Independent Director	Yu, Hsiang-Tun	2023/06/19	2023/06/19	Taiwan Corporate Governance Association	Common Fraud Risks in Procurement and Sales Activities	3.0
		2023/08/04	2023/08/04	Taiwan Corporate Governance Association	Anti-Money Laundering and Counter-Terrorism Financing: Lessons from Criminal Cases	3.0
Independent Director	Charles W. Tu	2023/12/04	2023/12/04	Accounting Research and Development Foundation	Promoting Sustainable Corporate Development through "Risk Management"	6.0
Independent Director	Wang, Shu-Lan	2023/09/21	2023/09/21	The Institute of Internal Auditors-Chinese Taiwan	Latest "Mergers & Acquisitions Law" and Corporate Governance: Practical Case Studies	6.0
		2023/09/26	2023/09/26	Taiwan Corporate Governance Association	Trade Secret Risks and Management in the Era of Digital Transformation	3.0

(II) Information on operation of Audit Committee or supervisors:

1.Operation status of the Audit Committee

（1）Professional knowledge and experience of the Audit Committee

May 13, 2024

Title	Name (Criteria)	Professional qualifications and experiences
Independent Director	Liu, Shi-Heh	· Possesses work experience in commercial, legal, finance, accounting or other areas required by the company business. · Masters, Department of Finance, National Taiwan University. · Previously served as Specialist of Taiwan Stock Exchange Corporation, Bureau of Foreign Trade, Sales Vice President of Fubon Securities Co., Ltd., Chairperson of Empire Vision, Chairperson of Unicon Optical Co., Ltd. · Is not under any of the circumstances as described in Article 30 of the Company Act.
Independent Director	Yu, Hsiang-Tun	· Possesses work experience in commercial, legal, finance, accounting or other areas required by the company business. · Faculty of Business and Commerce, Keio University. · Previously served as Section Manager, Sales Department, Yamaichi Securities Co., Ltd., GM of Singapore Yamaichi Merchant Bank, Section Manager, Trust and Custody Department, Merrill Lynch Japan, Head of Legal Department, PGIM Japan, Deputy Head of International Management Department, Daiwa Securities Group Inc. · Is not under any of the circumstances as described in Article 30 of the Company Act.
Independent Director	Charles W. Tu	· An instructor or higher in a department related to the business needs of the company in a public or private junior college, college, or university. · PhD, School of Engineering & Applied Science, Yale University, USA. · Previously served as Researcher, AT&T Bell Labs, Head of Computer Science & Engineering Department, University of California, San Diego. Currently serving as Honorary Professor, University of California, San Diego, Yushan Scholar, National Chung Hsing University. · Is not under any of the circumstances as described in Article 30 of the Company Act.
Independent Director	Wang, Shu-Lan	· Possesses work experiences in commercial, finance, accounting or other areas required by the company business. · Master of Business Administration, California Miramar University. · Previously served as Special Assistant to Chairperson, Sunplus Technology Co., Ltd. · Is not under any of the circumstances as described in Article 30 of the Company Act.

（2）Annual major matters of the Audit Committee:

a. The main function of the Audit Committee is to assist the Board and implement the responsibility authorized by the Company Act, the Securities and Exchange Act, and any other related laws.

b. The Company has adopted “Audit Committee Charter” to follow up and the charter is disclosed in MOPS. https://mops.twse.com.tw/nas/STR/343720200325PK001.pdf.

c. Annual major matters are as following:

- The adoption of or amendments to the internal control system.
- Assessment of the effectiveness of the internal control system.
- The adoption or amendment of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- Review the matters in which a director is an interested party.
- Review the asset transactions or derivatives trading of a material nature.
- Review the loans of funds, endorsements, or provision of guarantees of a material nature.
- The offering, issuance, or private placement of equity-type securities.
- The hiring or dismissal of a certified public accountant, or their compensation.
- The appointment or discharge of a financial, accounting, or internal audit officer.
- Review the annual and second quarter financial reports.
- Review the business report and the proposal of profit distribution or deficit compensation.
- Review the other material matters as may be required by this company or by the competent authority.

（3）Information of the operation of the Audit Committee

In the most recent year(2023), the Audit Committee held 5 meetings(A) and the attendance of Independent Directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)(B/A)	Remarks
Independent Director	Liu, Shi-Heh	5	0	100%	—
Independent Director	Yu, Hsiang-Tun	5	0	100%	—
Independent Director	Charles W. Tu	4	1	80%	—
Independent Director	Wang, Shu-Lan	5	0	100%	—

Other noteworthy matters:

1.When one of the following situations occurred to the operations of the Audit Committee, state the date, period, proposal contents, independent directors opinion, opinion with reservations or significant recommendation and resolutions of the Audit Committee, and the Company's actions in response to the opinions of the Audit Committee:

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

Date	Period	Proposal contents	Independent directors opinion, opinion with reservations or significant recommendation	Resolutions of the Audit Committee	The Company's actions in response to the opinions of the Audit Committee
2023.03.10	The 4th meeting of the 4rd Committee	● The Company's internal control statement of 2022. ● The Company's 2022 consolidated and parent company only financial statements. ● The appointment of the current CPAs of "PricewaterhouseCoopers" to continue serving as the Company's CPAs. ● The agreement to sign the "Derivatives Trading" contract with the bank in the second quarter of 2023. ● The amendments to the Company's "Corporate Governance Best Practice Principles." ● The amendments to the Company's " Sustainable Development Best Practice Principles." ● Pre-approval of the certified public accountant, their firm, and the firm's affiliates to provide non-assurance services to the Company, its parent company, and subsidiaries.	None	Approved by all the members of the Audit Committee	None
2023.05.09	The 5th meeting of the 4rd Committee	● The Company's consolidated financial statements for the first quarter of 2023. ● The agreement to sign the "Derivatives Trading" contract with the bank in the third quarter of 2023. ● The motion to establish the subsidiary "Asphetek Solution Inc." in Taiwan. ● The amendments to the Company's " Rules Governing Financial and Business Matters Between this Corporation and its Related Parties."	None	Approved by all the members of the Audit Committee	None
2023.08.10	The 6th meeting of the 4th Committee	● The Company's consolidated financial statements for the second quarter of 2023. ● The agreement to sign the "Derivatives Trading" contract with the bank in the fourth quarter of 2023. ● The amendments to the Company's " Standard Operating Procedure for Handling Director Requests." ● The change of the audit supervisor.	None	Approved by all the members of the Audit Committee	None
2023.11.09	The 7th meeting of the 4th Committee	● The Company's consolidated financial statements for the third quarter of 2023. ● The agreement to sign the "Derivatives Trading" contract with the bank in the first quarter of 2024. ● The amendments to the Company's " Rules Governing the Scope of Powers	None	Approved by all the members of the Audit Committee	None

Date	Period	Proposal contents	Independent directors opinion, opinion with reservations or significant recommendation	Resolutions of the Audit Committee	The Company's actions in response to the opinions of the Audit Committee
		of Independent Directors." ● The change of the audit supervisor.			
2023.12.21	The 8rd meeting of the 4th Committee	● The internal audit plan for 2024.	None	Approved by all the members of the Audit Committee	None

（2）Resolutions passed by two-thirds of all Directors but without approval of the Audit Committee except for the preceding item:None.

2. For the recusal of independent directors to the proposals with interest conflicts, the name of independent director(s), description of proposal, reason of recusal, and the status of voting participation shall be specified: None.
3. Communications between the Independent Directors, and the head of internal audit and the CPAs:

（1）Communications between the independent directors (members of the Audit Committee) and the head of internal audit:

Regularly:

Monthly: The internal audits are conducted on a monthly basis in accordance with the annual audit plan. The audit report shall be handed to the independent directors for reviews. Any questions or instructions arising from the reviews will be directed to the head of internal audit.

Quarterly: The head of the internal audit will be listed as being in non-voting attendance of the board meeting to report on the operation status for the audit activities. (The contents of the report include: The state of implementation for the annual audit report, the improvement matters and subsequent improvement follow-ups to be conducted).

Yearly: The head of internal audit is listed as being in non-voting attendance for the Audit Committee meeting to report on the contents of the audit plan for the following year and the self-evaluation results for the internal control system of the previous year.

Irregularly:

The head of internal audit is listed as being in non-voting attendance for the Audit Committee meeting to report on the amendments to the Enforcement Rules of the Internal Control System and Internal Audit Implementation. The independent directors can discuss questions relating to the company’s internal control or legal compliance at any time with the head of internal audit. If the head of internal audit discovers any unusual situations, he/she may also report to the independent directors at any time.

◎The communications events in the most recent year are as below:

Date	Method of communication	Key points of communication	Results or opinions arising from the communication
2023/03/10	Audit Committee	1. Report on the improvement plan for the financial statements preparations process. 2. 2022 self-evaluation results report for internal control.	No opinions.
2023/03/10	Board of Directors	1. 2022 Q4 internal audit matters report. 2. Self-prepared financial statements report. 3. 2022 self-evaluation results report for internal control.	No opinions.
2023/05/09	Audit Committee	Report on the improvement plan for the financial statements preparations process.	No opinions.
2023/05/09	Board of Directors	1. 2023 Q1 internal audit matters report. 2. Self-prepared financial statements report.	No opinions.
2023/08/10	Audit Committee	Report on financial statements preparation.	No opinions.
2023/08/10	Board of Directors	1. 2023 Q2 internal audit matters report. 2. Self-prepared financial statements report.	No opinions.
2023/11/09	Audit Committee	Report on financial statements preparation.	No opinions.
2023/11/09	Board of Directors	1. 2023 Q3 internal audit matters report. 2. Self-prepared financial statements report.	No opinions.
2023/12/21	Audit Committee	2024 Internal Audit Plan	No opinions.
2023/12/21	Board of Directors	2024 Internal Audit Plan	No opinions.

（2）Communications between the independent directors and the CPAs:

Regularly:

Yearly: The Company's CPAs communicate with the Audit Committee members on governance matters covering the annual audit planning and the completed stages. The CPAs will notify every audit committee member in written form or by holding meeting. The matters listed below are included:

a. Communication plan
b. The role and responsibilities of the Chief CPA
c. Audit plan
d. Independence of CPAs
e. Communication items with the corporate governance unit at the completion stage
f. Significantly adjusted entries or unadjusted entries
g. Information of related parties
h. Declaration statement by the customer

Irregularly:

When the audit committee members have questions on the company's financial standing or internal control system, they can inquire and discuss with the CPAs at any time.

◎Record on communications in the most recent year and as of the annual report publication date:

Date	Method of communication	Key points of communication	Results or opinions arising from the communication
2023/05/09	In-person meetings	Meeting with the governance unit on the completed review for the 2023 Q1 financial statements.	No opinions.

2023/12/21	Conference meetings	Meeting between CPAs and the governance unit on the 2023 annual financial statements audit planning stages.	No opinions.

2. Information on the supervisors' participation in the board operations: Not applicable.

(III) The difference between the corporate governance implementation and the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and reasons:

Assessment items	Operation status			Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
I. Has the Company established and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	✓		On December 20, 2013, the Board of Directors established the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed it on the MOPS and the Company's website.	None
II. The Company's shareholding structure and shareholders' equity (I) Does the company establish internal operating procedures for handling shareholders' suggestions, questions, disputes and litigations, and implement the procedures accordingly?	✓		(I) The Company has established the "Corporate Governance Best Practice Principles" to handle shareholders' suggestions, questions, disputes, and litigations in accordance with the "Corporate Governance Best Practice Principles." The Company has a spokesperson and an acting spokesperson to handle shareholders' suggestions or disputes and so on problems.	None
(II) Does the company keep track of its major shareholders and the parties with ultimate control over its major shareholders? (III) Has the Company established and implemented risk control and firewall mechanisms with its affiliates? (IV) Does the Company establish internal norms to prohibit insiders from utilizing undisclosed information to trade securities?	✓ ✓ ✓		(II) The Company keeps track of the list of the Company's major shareholders and their ultimate controller. (III) The Company's dealings with affiliates are carried out in accordance with relevant laws and regulations and the Company's internal control system. (IV)The Company established the "Procedures for Handling Material Inside Information and the Reporting of Insiders" to prohibit insiders from utilizing undisclosed information to trade securities.	None

Assessment items	Operation status			Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
III. Composition and duties of the Board of Directors (I) Does the Board of Directors formulate and implement a diversity policy and specific management goals? (II) In addition to the Remuneration Committee and Audit Committee, has the Company set up other functional committees voluntarily? (III) Does the Company have the Regulations Governing the Performance Evaluation of the Board of Directors and the method therefor? Does the Company have the performance evaluation conducted on a regular basis every year, with the results of the performance evaluation reported to the Board of Directors and used as a reference for remuneration and the nomination for re-election?	✓ ✓	 ✓	(I) The Board of Directors has formulated the diversity policy and specific management goals and implemented them accordingly. Please refer to the official website of the Company and Attachment 1 (annual report page 35) for relevant information. (II) Apart from the Remuneration Committee and Audit Committee, the Company has not yet set up other types of functional committees, but they will be set up in the future depending on the needs of the Company. (III) The Company's Board of Directors passed the "Regulations Governing the Performance Evaluation of the Board of Directors" on November 12, 2019, under which it is stipulated that the Board of Directors and individual directors shall be evaluated at least once a year. Performance evaluation may be conducted through internal self-assessment, board member self-assessment, peer assessment, appointment of external professional institutions, experts, or other appropriate methods. The evaluation indicators include the level of participation in the Company's operations, improvement of the quality of decision-making of the Board, composition and structure of the Board, election and continuous education of directors, internal control and so forth. The results of the performance evaluation of the Board of Directors will be reported to the Board of Directors and used as a reference for individual directors' compensation and nomination for re-election. The performance evaluation results of 2023 have been reported to the Board of Directors on March 12,	None

Assessment items	Operation status			Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		2024. (IV) The Company assesses the independence and suitability of the CPAs at least once a year. The company's finance department will first conduct an initial assessment of the independence and suitability of the visa accountant, and upon approval by the Audit Committee, it will be submitted to the Board of Directors for final approval. The assessment mechanism includes: 1. Confirmation that the visa accountant of the company and the directors are not related parties. 2. Compliance with corporate governance best practices regarding the rotation of the visa accountant. 3. Prior approval from the Audit Committee is required before appointing the visa accountant firm for annual audit services. The firm will review compliance with independence standards before appointing non-audit services. The visa accountant will report relevant information during quarterly communication with the Audit Committee. 4. The visa accountant will report to the Audit Committee quarterly on the execution of review/audit tasks and compliance with independence requirements. 5. Regular issuance of an independence declaration by the visa accountant. 6. Inclusion of Audit Quality Indicators (AQIs) in the evaluation criteria for audit service appointments. The visa accountant firm will report to the Audit Committee on relevant matters before the annual audit appointment. The company requires PricewaterhouseCoopers (PwC) to issue an "Independence Declaration by the Certifying Accountant." According to the "Audit Quality	None

Assessment items	Operation status			Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			Indicators (AQI) Disclosure Template" issued by the Financial Supervisory Commission, information on Audit Quality Indicators (AQIs) is provided. The evaluation items are based on five aspects: professionalism, quality control, independence, supervision and pioneering ability, as well as the 13 indicators including experience of the AQI audit, training hour, turnover rate, professional support, workload of CPA, audit effort, QC review of cases, QC support capability, non-audit service percentage, familiarity with clients, deficiencies of external inspections and penalties, number of correspondences issued by the competent authority, and innovation plans or initiative. The last assessment of the independence and suitability of the visa accountant was discussed and approved by the Audit Committee and the Board of Directors on March 12, 2024. Upon assessment, the results show that both CPAs Lin, Po-Chuan and Chang, Shu-Chiung met the requirements of independence and suitability and deemed eligible to serve as the visa accountant for the company.	
IV. Does the Company assign competent and appropriate number of corporate governance personnel, and appoint a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the information needed to perform their duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to the Board of Directors' Meeting and the Shareholders' Meeting, and preparing the minutes of the	✓		The Company's Finance Department concurrently handles affairs related to corporate governance. We have also appointed Chief Financial Officer, Cheng, Chen-Hsun, as Corporate Governance Officer. He is responsible for corporate governance affairs, including providing directors with the information needed to execute their duties, assisting directors in complying with laws, and handling board of directors meetings, shareholders' meetings, and corporate governance evaluations, and production of board of directors and shareholder meeting minutes, and corporate governance evaluation.	None None

Assessment items	Operation status			Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
Board of Directors' Meeting and the Shareholders' Meeting)?				
V. Has the Company established communication channel with stakeholders (including but is not limited to shareholders, employees, customers, and suppliers), and set up a stakeholder section on the company website, and respond appropriately to important CSR issues of concern to stakeholders?	✓		The Company appoints a spokesperson and acting spokesperson to provide external communication channel, and sets up a stakeholder section on the corporate website to address the issues of concern to stakeholders and establishes a sound communication model.	None
VI. Does the Company appoint a professional stock service agent to handle the affairs of the Shareholders' Meeting?	✓		The Company has appointed the Share Registration Agency Department of Grand Fortune Securities to be the share registration agency of the Company, to handle affairs relating to the Shareholders' Meeting.	None
VII. Information Disclosure (I) Does the Company set up a website to disclose financial business and corporate governance information? (II) Does the Company adopt other information disclosure methods (such as setting up an English website, assigning dedicated personnel to collect and disclose company information, implementing a spokesperson system, and publishing the process of investor conferences on the company website)? (III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the Q1, Q2, Q3 financial reports and monthly operation reports before the	 ✓ ✓ 	 ✓	(I) The Company has set up a corporate website and disclosed the Company's financial business and corporate governance information on the website. Company website: (https://www.aot.com.tw/) (II) The Company has designated personnel to be responsible for the collection and disclosure of corporate information. All information is disclosed on the Market Observation Post System and on the website of the Company according to laws. The Company has the spokesperson and acting spokesperson to act as the external communication channel. (III) 2023 First quarter financial statements, announced on May 9, 2023. 2023 2nd quarter financial statements, announced on August 10, 2023. 2023 3rd quarter financial	None

Assessment items	Operation status			Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
deadline?			statements, announced on November 9, 2023. 2023 annual financial statements, announced on March 12, 2024. The monthly revenue are announced before the reporting deadline.	
VIII. Does the Company have other important information that can help in gaining a better understanding about the operations of corporate governance (including but not limited to the employees' rights, employee care, investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the company)?	✓		(I) Employee rights: The Company adheres to the "integration of labor and management" concept, emphasizes rational and user-friendly management, establishes smooth communication channels, and maintains good labor-management relations, so as to jointly create productivity, profit-sharing and establish stable and harmonious labor-management relations. (II) Employee care: The Company provides Labor and National Health Insurance, group insurance and so on employee related welfare measures. It has established the Employee Welfare Committee to handle various employee welfare matters, organize Family Day, various internal activities, competitions, and stress relieving courses; it actively encourages employees to participate in various training courses and holds regular labor-management meetings to understand the needs of employees and to achieve harmonious labor-management relations. (III) Investor relations: The Company convenes a shareholders' meeting every year in accordance with relevant laws and regulations, giving shareholders ample opportunities to ask questions or make proposals, and establishes a spokesperson system to handle shareholders' suggestions, questions, and disputes. The Company also announces and reports information in accordance with the regulations of the competent authority in order to provide investors with information in a timely manner for decision-making.	None

Assessment items	Operation status			Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			(IV) Relationship with suppliers: The Company maintains good relationship with its correspondent banks and suppliers through smooth channels of communication. (V) The rights of the stakeholders: The Stakeholders section is available on the Company's website. The Company appoints a spokesperson and an acting spokesperson to communicate with stakeholders for the protection of their rights and interests. (VI) Directors' and supervisors' continuing education: The Company's Directors have relevant professional background, practical operation and management experience, and their continuing education has complied with the relevant regulations of the competent authority. (VII) Implementation of risk management policies and risk measurement standards: The Company has established various internal rules and regulations pursuant to laws to conduct various risk assessments and management. (VIII) Implementation of customer policies: The Company maintains good relations with customers by maintaining smooth communication channels. (IX) Insurance against directors' and supervisors' liabilities: The Company has purchased liability insurance for directors to protect shareholders' interests.	None None

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operation status</th><th rowspan="2">Deviations and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary note</th></tr>
<tr><td colspan="5">IX. Please specify the measures adopted by the Company to improve the items listed in the Corporate governance review result from Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved.
1. The company’s annual ranking of 2023 governance review result is 66% to 80%; the improvement of evaluating indicators is as follows:
To apply the trend of corporation governance, the company will increase the independent director and female directors’ seats.
2. Future improvements are as follows:
Increasing the English information in Corporation website to provide more information to foreign investors and stakeholders.</td></tr>
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Attachment 1: Diversity policy of the Board, Specific management goals and State of implementation

I. Diversity policy of the Board of Directors:

According to Article 20 of the Company’s Corporate Governance Best Practice Principles: Diversity shall be considered for the composition of the Board of Directors. Besides directors who are concurrently acting as the company’s managers which should not account for more than one-third of the seats of the board members, an appropriate diversity policy should be formulated for the operations, operation pattern, and development needs of the company. It is advisable that the policy include, without being limited to, the following two general standards:

(I) Basic requirements and values: Gender, age, nationality, and culture.

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

Each Board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goals of corporate governance, the overall skills that the board shall possess are as below:

(I) Operation Judgment Skills.

(II) Accounting and Financial Analysis Skills.

(III) Management Administration Skills.

(IV) Crisis Handling Skills.

(V) Industry Knowledge.

(VI) International Market Perspectives.

(VII) Leadership Skills.

(VIII) Strategic Decision Skills.

II. State of implementation:

There are a total of 7 board members for the 10th Board of Directors. The members come from various professional backgrounds in law, industry, finance, marketing, and technology. In their different professional background, they possess various professional skills in business management and leading strategic decisions, operations judgement and crisis handling, accounting and financial analysis skills, industry knowledge, and international market perspectives, exhibiting diverse complementary results. All of the Directors are of Republic of China nationality, and their ages span from 54 to 73 years old. There is 1 director who is concurrently the company’s manager, and the percentage of the directors with employee status stands at 14%, meeting the goal of not exceeding one-third in management overlap. Four independent directors account for the proportion of the board members 57%, surpassing the one-third management target, the board of directors includes 1 female independent director, meeting the management objective of having at least one female director among the board members. The number of years served by the independent directors is less than 9 years, meeting the independence principles.

State of implementation on related diversity policy is as in the table below:

Item / Name	Gender	Professional background					Professional skills				
		Legal	Industry	Finance and accounting	Marketing	Tech	Business management and leading strategic decisions	Operations judgement and crisis handling	Accounting and Financial Analysis Skills	Industry Knowledge	Int'l Market Perspectives
Fang, Jung-Hsi	M	V	V		V	V	V	V		V	V
Chuang, Hong-Jen	M	V	V	V	V	V	V	V	V	V	V
Chang, Deng-Kai	M	V	V		V	V	V	V		V	V
Liu, Shi-Heh	M	V		V	V		V	V	V		V
Yu, Hsiang-Tun	M	V		V	V		V		V		V
Charles W. Tu	M		V			V	V			V	V
Wang, Shu-Lan	F		V	V	V		V		V	V	V

Specific management goals and achievement status of diversification policies are as follows:

Management Goal	Achievement Status
No more than one-third of the board seats should be held by executive directors.	Achieved
The board should include at least one female member.	Achieved
Independent directors should hold more than one-third of the board seats.	Achieved

(V) Organization, responsibilities, and operation status of the Remuneration Committee:

1. Information on members of the Remuneration Committee

May 12, 2023

Title	Name	Professional qualifications and experiences	State of independence	Concurrent independent director position in other public companies
Independent Director (Chairman)	Liu, Shi-Heh	· Possesses work experience in commercial, legal, finance, accounting or other areas required by the company business. · Masters, Department of Finance, National Taiwan University. · Previously served as Specialist of Taiwan Stock Exchange Corporation, Bureau of Foreign Trade, Sales Vice President of Fubon Securities Co., Ltd., Chairperson of Empire Vision, Chairperson of Unicon Optical Co., Ltd. · Is not under any of the circumstances as described in Article 30 of the Company Act.	· The Director, his/her spouse, and none of his/her relatives within the second degree of kinship are a Director, Supervisor or employee of the Company or of other affiliated enterprises. · The Director, his/her spouse, and relatives within the second degree of kinship do not hold Company shares. · Does not hold position as a director, supervisor or employee of a designated company that has a specified relationship with the Company. · Has neither provided business, legal, financial, or accounting services to the Company or its affiliates nor has obtained compensation for the aforementioned services in the most recent two years. · The Independent Director Liu, Shi-Heh meets the independence status.	None

Independent Director	Yu, Hsiang-Tun	· Possesses work experience in commercial, legal, finance, accounting or other areas required by the company business. · Faculty of Business and Commerce, Keio University. · Previously served as Section Manager, Sales Department, Yamaichi Securities Co., Ltd., President of Singapore Yamaichi Merchant Bank, Section Manager, Trust and Custody Department, Merrill Lynch Japan, Head of Legal Department, PGIM Japan, Deputy Head of International Management Department, Daiwa Securities Group Inc. · Is not under any of the circumstances as described in Article 30 of the Company Act.	· The Director, his/her spouse, and none of his/her relatives within the second degree of kinship are a Director, Supervisor or employee of the Company or of other affiliated enterprises. · Holds company shares for 4,000 shares, with shareholding at 0.003%. · Does not hold position as a director, supervisor or employee of a designated company that has a specified relationship with the Company. · Has neither provided business, legal, financial, or accounting services to the Company or its affiliates nor has obtained compensation for the aforementioned services in the most recent two years. · The Independent Director Yu, Hsiang-Tun meets the independence status.	None
Independent Director	Charles W. Tu	· An instructor or higher in a department related to the business needs of the company in a public or private junior college, college, or university. · PhD, School of Engineering & Applied Science, Yale University, USA. · Previously served as Researcher, AT&T Bell Labs, Head of Computer Science & Engineering Department, University of California, San Diego. Currently serving as Honorary Professor, University of California, San Diego, Yushan Scholar, National Chung Hsing University. · Is not under any of the circumstances as described in Article 30 of the Company Act.	· The Director, his/her spouse, and none of his/her relatives within the second degree of kinship are a Director, Supervisor or employee of the Company or of other affiliated enterprises. · The Director, his/her spouse, and relatives within the second degree of kinship do not hold Company shares. · Does not hold position as a director, supervisor or employee of a designated company that has a specified relationship with the Company. · Has neither provided business, legal, financial, or accounting services to the Company or its affiliates nor has obtained compensation for the aforementioned services in the most recent two years. · The Independent Director Charles W. Tu meets the independence status.	None

2. Operation status of the Remuneration Committee:

(1) There are 3 members in the Company' s Remuneration Committee.

The fifth session term: from June 29, 2022 to June 28, 2025. In the recent year, the Remuneration Committee held 2 meetings (A). The attendance is stated as the follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%)(B/A)	Note
Chairman	Liu, Shi-Heh	2	0	100%	—
Member	Yu, Hsiang-Tun	2	0	100%	—
Member	Charles W. Tu	2	0	100%	—
Other noteworthy matters: I. If the Board doesn't adopt or amend the Remuneration Committee's proposals, state the date, period, proposal contents, resolutions of the Board of the Directors, and the Company's actions in response to the opinions of the Remuneration Committee (If the resolution of compensation by the Board of Directors is better than the one by the Remuneration Committee, state the difference and the reasons): None. II. In cases Remuneration Committee members have dissenting opinions or qualified opinions against the resolution and recorded with notes in paper, the Company shall list date, number of the Remuneration Committee meeting, agenda, all members' opinion and the follow-up of the members' opinion: None.					

(3) Annual work focus of the Remuneration Committee:

The Company's Remuneration Committee convenes at least two meetings a year. The function of the committee is to assess the Company's director and manager remuneration policies and systems in a professional and objective manner, and make recommendations to the Board of Directors for reference in decision-making.

The Committee shall exercise the care of a prudent administrator to faithfully perform the following duties, and shall submit its recommendations to the board of directors for discussion:

- Establishment and regular review of annual and long-term performance targets for directors and managers of the Company, as well as the compensation and remuneration policies, systems, standards, and structures.
- Regular assessment of the accomplishment of performance targets by the Company's directors and managers, and to determine the content and amount of individual compensation.

When performing the functions and powers referred to in the above, the Committee shall act according to the following principles:

- Ensuring that the Company's compensation arrangements comply with applicable laws and are capable of attracting top talents.
- The performance evaluation and remuneration of directors and managerial officers shall be made with reference to industry practice, and by taking into consideration the time invested, responsibilities, achievement of personal goals, performance in other positions, and salaries paid by the Company to others in similar positions in recent years. The evaluation will also identify the reasonableness of the connection between the individual's performance and the Company's operating performance and future risks based on the

Company's achievement of short-term and long-term business goals and the Company's financial status.

- It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the Company may tolerate.
- The percentage of short-term performance bonus payout to directors and senior managers and the timing of variable salary payments shall be set in accordance with industry characteristics and the Company's business nature.
- Committee members are prohibited from participating in discussions and voting on their own salary/compensation decisions.

（4） Proposals discussed by the Remuneration Committee members in the most recent year up till the publication date of this annual report are as follows:

Date of Meeting	Term	Contents of the motions	Opinions of all members	Company's response to members' opinions	Result of the resolution
2023.03.10	The 3th meeting of the 5th committee	● Description of the Company's policies, systems, standards, and structure for the performance evaluation and compensation of the Company's directors and managers.	None	None	Approved by all the members of the committee
2024.03.12	The 5th meeting of the 5th committee	● Description of the Company's policies, systems, standards, and structure for the performance evaluation and compensation of the Company's directors and managers	None	None	Approved by all the members of the committee

(VI)Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
I. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development that is handled by the senior management authorized by the Board of Directors, and the supervision situation of the Board of Directors?		✓	The Company does not have a dedicated unit working on sustainable development, but the GM Office is responsible for the proposal and implementation of corporate social responsibility policies and reporting to the Board of Directors.	Future plans will be formulated accordingly.
II. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to corporate operations in accordance with the materiality principle, and establish relevant risk management policies or strategies?		✓	Each responsible unit within the company assesses risk management independently; an overall risk management policy or strategy has not been established yet.	Future plans include establishing relevant risk management policies.

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on its industrial characteristics?	✓		(I) The company complies with the Air Pollution Control Act, the Water Pollution Prevention Act, the Waste Disposal Act, the Resource Recycling Act, the Greenhouse Gas Reduction and Management Act, the Soil and Groundwater Pollution Control Act, and the Toxic Substances and Chemical Substances of Concern Management Act and established the Company's environmental management system according to the ISO 14001 standard.	None
(II) Is the Company committed to enhance the efficiency of energy use and use renewable materials with low impact on the environment?	✓		(II) The Company has been implementing the measures for resource recovery, reuse and waste sorting for many years, and handed over all waste products to qualified recycling companies for treatment. In terms of packaging materials, the Company also uses recycled materials as much as possible to reduce the impact on the environment, and advocates energy conservation in daily operations to improve energy efficiency.	
(III) Does the company evaluate potential risks and opportunities posed by climate change to the enterprise at present and in the future, and take measures in response to climate-related issues?	✓		(III) The Company has established the "Procedures for Contingency on Production Process (LG-2-003)" to elaborate the emergency responsive measures in case of emergencies such as water interruption, power outage/voltage drop, typhoons, and earthquakes. It is aimed to reduce various possible impacts from climate change to a minimum. The environmental, safety, and health management system is used to inventory the machines/equipment with high energy consumption so as to propose various energy-saving solutions for improvement, thereby reducing production costs and enhancing corporate competitiveness.	
(IV) Has the Company kept track of its greenhouse gas emissions, water usage, and total waste volume over the past two years, and mapped	✓		(IV) Conducting greenhouse gas verification The Company commissions SGS, a third-party impartial organization, to inventory and certify greenhouse gas emissions every year, and we publish the inventory certificate on the Company's website. In 2022, all plants’ emissions were 8,116.77 metric tons CO_2e/year. The direct	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary note</th></tr>
<tr><td>out energy conservation, carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management policies?</td><td></td><td></td><td>greenhouse gas emissions (such as the use of CF4 in the production process, firefighting training, emergency generators, official vehicles, etc.) is 356.42 metric tons CO_2e/year, accounting for 4.39% of the total emissions. Indirect greenhouse gas emissions from energy (emission from purchased electricity) was 7,760.35 metric tons CO_2e/year, accounting for 95.61% of total emissions.
All plants' emission amount in 2023 was 7,387.34 metric tons CO_2e/year. The direct greenhouse gas emissions (such as the use of CF4 in the production process, firefighting training, emergency generators, official vehicles, etc.) is 256.73 metric tons CO_2e/year, accounting for 3.48% of the total emissions. Indirect greenhouse gas emissions from energy (the main source is purchased electricity) was 7,130.61 metric tons CO_2e/year, accounting for 96.52% of the total emissions.
The electricity, water, and waste generation at our plants in 2022 and 2023 are as follows:

Electricity consumption (kWh) / Water consumption (tons) / Waste volume (tons)
<table><tr><th>Plant site</th><th>Electricity 2022</th><th>Electricity 2023</th><th>Water 2022</th><th>Water 2023</th><th>Waste 2022</th><th>Waste 2023</th></tr><tr><td>Hukou Plant</td><td>9,205,400</td><td>9,778,200</td><td>30,635</td><td>34,935</td><td>Non-hazardous 59.61
Hazardous 1.51</td><td>Non-hazardous 47.02
Hazardous 0.83</td></tr><tr><td>Siwei Plant</td><td>6,471,800</td><td>4,627,000</td><td>20,253</td><td>13,535</td><td>Non-hazardous 19.10
Hazardous 2.75</td><td>Non-hazardous 9.07
Hazardous 0.56</td></tr><tr><td>Total</td><td>15,677,200</td><td>14,405,200</td><td>50,888</td><td>48,470</td><td>Non-hazardous 78.71
Hazardous 4.26</td><td>Non-hazardous 56.09
Hazardous 1.39</td></tr></table></td><td>None</td></tr>
</table>

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			Formulate policies for the Company's energy conservation, carbon reduction, greenhouse gas reduction, and water use reduction and other waste management 1. Carbon reduction targets By continuously promoting various energy-saving and carbon-reducing measures, the Company's total greenhouse gas emission volume was 8,116.77 metric tons CO_2e/year in 2022 and 7,387,34 metric tons CO_2e/year in 2023, which is about 8.99% lower than the previous year. The Company will continue to promote various energy-saving measures and set the annual carbon emission reduction target of 10%. 2. Energy-saving targets By promoting various energy-saving measures, the Company has saved electricity & water consumption by 8.11% and 4.75% in 2023 compared to 2022. The Company will continue to promote various energy-saving measures, and set the annual energy-saving goal of reducing electricity consumption by 1%. 3. Waste reduction goals The Company has implemented the measures for resource recovery and recycling and garbage sorting for many years. All waste products are handed over to qualified recycling suppliers for processing. In terms of packaging materials, recycled materials are used as much as possible to reduce the impact on the environment. With the use of the ISO 14001 environmental management system, we promote various management solutions, such as introducing the electronic operation checklist to achieve 100% paperless operation. We also set the waste reduction goal of 5% waste reduction each year. 4. Implement strategies and measures for energy conservation and carbon reduction	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			In order to achieve the reduction target, the Company not only implements energy-saving and carbon-reducing measures such as turning off lights easily and controlling the temperature of air-conditioners, but also actively promotes various energy-saving and carbon-reduction solutions and waste reduction solutions: A. Change the operation of the blower in the wastewater treatment plant from 24 hours to 3 hours a day. It is possible to save about 11,466 kWh of electricity every year and to reduce the generation of environmental noise. B. After reviewing the load status of the on-site air-conditioning system, the round water tower is transferred to a square water tower to reduce splashing and evaporation. A fixed water level valve is also installed at the base of the underground water storage valve to reduce the overflow rate and save water by about 7,860 degrees (1 degree = 1,000 liters) each year. C. The wiping cloth used in the production line has been changed from 9"*9" to 4"*4" to red uce waste by 200kg per month.	None
IV. Social Issues (I) Has the Company established related management policies and procedures in accordance with applicable laws and international conventions on human rights?	✓		(I) The company's " Sustainable development practice principle " clearly stipulates that the company should abide by international human rights conventions and relevant laws and regulations, and recognize and support the "United Nations Global Covenant", "United Nations Universal Declaration of Human Rights", "Basic Principles and Declaration of Rights of the International Labor Organization" and other internationally recognized human rights standards and basic principles, formulate a human rights policy applicable to the company to prevent violations of human rights, and comply with relevant labor laws and regulations where the company is located. In the future, we will regularly assess the degree of human rights risks, and formulate improvement and strengthening measures based on the assessment results,	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			working towards the goal of zero human rights risks in the workplace. 1. The human rights policy is as follows: (1) Establish a human rights code of conduct: AOT Norms: Respect human rights, comply with the United Nations Universal Declaration of Human Rights, treat every colleague with integrity and fairness. Be kind and respect individual differences. (2) Put an end to any discrimination and ensure fairness among colleagues. Comply with local government labor laws and ensure no discrimination based on race, gender, age, physical or mental disability, politics, religion, or pregnancy. (3) Prohibition of child labor Prohibit the employment of child labor (referring to anyone under the age of 15, or under the age of compulsory education, or the minimum age for employment in the country/region (whichever is the oldest of the three)), and conduct inspections on hired employees, Child labor shall not be used in any manufacturing process. (4) Protect labor rights and interests All work should be voluntary, and no unwilling person should be forced or coerced to perform labor. (5) Establish a friendly workplace environment Provide a caring communication channel for colleagues to handle human rights-related issues. Pay attention to the needs of employees, promote health promotion activities and provide diverse activities, encourage colleagues to participate independently, and continuously communicate the company's human rights policy concepts through supplier audits. 2. Specific management plan	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			The company formulates "Working Rules" in accordance with the relevant provisions of the Labor Standards Act, formulates "Sexual Harassment Prevention Measures, Complaints and Management Standards" in accordance with the relevant provisions of the Gender Equality at Work Act and the Sexual Harassment Prevention Act to safeguard the rights and interests of employees and create a work environment free from harassment. . The company also implements relevant human rights policies in accordance with the Responsible Business Alliance (RBA), and regularly dispatches labor and management representatives in accordance with the law to hold regular labor-management meetings and employee welfare committees on employee rights and welfare matters. 3. Related policy and implementation (1) Provision of a safe and healthy work environment The Company has passed the ISO 14001 (environmental management system), ISO 45001 (occupational safety and health management system), and ISO 14064 (greenhouse gas inventory), and actively promotes energy conservation and carbon reduction, disaster prevention, and pollution prevention. We make reasonable guarantee of a safe work environment. In addition to providing a safe and healthy work environment according to the laws and regulations, the Company has also established a dedicated unit and committee for occupational safety and health, and hired professional doctors and nursing staff to provide safety, health, fire safety and other related education and training. In addition, the Company will sample the operating environment periodically to grasp the actual status of the operating environment and assess the exposure status of laborers, and to take necessary preventive measures to prevent	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			the occurrence of occupational hazards, and thereby reduce dangerous factors in the working environment. (2) Eliminate unlawful discrimination and reasonably ensure equal job opportunities The Company has implemented its human rights policy in its internal control procedures. On recruitment, appointment, remuneration and benefits, education and training, promotion, performance evaluation, resignation, termination, severance pay, or retirement, the Company does not discriminate against employees and job seekers based on their race, class, or any form of discrimination based on language, ideology, religion, political party, nationality, birthplace, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, zodiac sign, blood type, previous trade union membership, and unfair treatment. (3) Prohibition of child labor In order to ensure compliance with corporate social responsibility and ethical standards, the Company has explicitly stated from the beginning of recruitment that child labor is not allowed in any manufacturing process. As of December 31, 2023, there were 762 employees in total, and the number of child labor was 0. (4) Prohibition of forced labor All work should be done by one's will, and the Company will not force or coerce any unwilling person to perform the labor service. The Company has complied with laws and regulations regarding the daily and weekly normal working hours and extended working hours, holidays, special holidays, and leave of absence. The time and attendance system is designed with a reminder function for employees to work overtime. Employees who work overtime are entitled to overtime pay or time off. Special personnel are assigned to inspect and control the	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			working hours of the factory premises on a monthly basis. (5) Assisting employees in maintaining physical and mental health and maintaining work-life balance The Company provides venue or financial sponsorship for employees, including free health check-up, stress-relieving massage, encourages employees to form their own club, and organizes a variety of ball game competitions, year-end meals, family day and other activities to enable employees to balance family life to rejuvenate the body and mind. 4. Human rights protection training practices (1) Orientation for new recruits Upon arrival, employees are required to attend compliance orientation training for new recruits, including safety and health education, introduction to the Company's administrative policies, and education on the prevention of sexual harassment. (2) Prevention of workplace violence Through advocacy and announcements, the company has clearly stated its "zero tolerance" stance on all kinds of illegal violations in the workplace, so that employees understand that they have the responsibility to help ensure the occurrence of illegal violations in the workplace. In addition to disclosing the complaint hotline, we also established standard handling to create a friendly work environment. (3) Occupational safety training The content includes: Safety and health education and training, fire safety training, emergency response, and first-aid training. (4) Promotion of ethical corporate management Educate all employees on the importance of ethical corporate management and	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			related norms, in order to establish a healthy and positive workplace culture.	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, leave of absence, and other benefits), and appropriately reflect business performance or results in employee remuneration?	✓		(II) 1. Employee welfare measures (1) Employee remuneration: The Company provides employees with remuneration based on their educational background, professional experience, job title, market conditions, and the Company's profitability. (2) Workplace diversity and equality: As of December 31, 2023, there were 483 female employees, accounting for 63.4%, and 40 female managers and above, accounting for 27.2%. It is a workplace of diversity and equality. (3) Leave: The Company's leave system complies with laws. Employees who need child-care or with serious injuries or illnesses are entitled to leave without pay and reinstatement upon expiration of the leave of absence. The Company also has a flexible working system to accommodate work and family care needs. (4) Allowances, gifts and subsidies: The Employee Welfare Committee is set up to plan and provide various benefits of high quality to employees, such as: Three major holiday gift vouchers, birthday vouchers, wedding/funeral allowances, maternity allowances, hospitalization allowances, and employee and children scholarships, emergency subsidies, domestic travel subsidies, employee subsidies for club activities, in addition to regular employee health check-up, physical and mental health seminars, employee cafeteria and other benefits. 2. The Company has established a clear remuneration policy. In addition to the three-festival bonus, if the Company makes annual profits, it shall allocate no less than 5% of the remuneration to employees, and the remuneration and bonuses shall be allocated according to individual performance evaluation results to achieve the purpose of motivating employees.	None
(III) Does the Company provide	✓		(III) The Company has established an Industrial Safety Department to be responsible for	

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
employees with a safe and healthy work environment, and provide safety and health education to employees regularly?			the promotion of various safety and health services: 1. The Company has set up medical offices at Hukou Plant and Siwei Plant with professional nurses to provide employees with necessary health and first-aid facilities, health education, and regular health examinations. The “Health Promotion Label" issued by the Ministry of Health and Welfare has been obtained. The courses offered for employees in 2022 are as follows:	None

Name of the course	Number of course hours	Total participants	Total training hours
Safety and health on-the-job education and training (including initial training and retraining for operation supervisors)	-	26	123.0
Supervisor safety and health education and training	3.0	63	189.0
Environmental, Health, and Safety System Internal Auditor Training	3.0	40	120.0
Emergency Response Drill	0.5	482	241.0
Hazardous Materials and Dangerous Goods General Knowledge Course	3.0	82	246.0
Self-defense fire fighting formation training	4.0	58	232.0
Maternal protection plan service	0.5	18	9.0
Abnormal Workload Management Services	0.25	150	37.5
Human-Induced Hazard Planning and Services	0.5	32	16.0

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<tr><th>Yes</th><th>No</th><th>Summary note</th></tr>
<tr><td>
(IV) Does the Company establish effective training programs for employees' career development?</td><td>
✓</td><td></td><td>
<table>
<tr><td>Workplace Health Promotion Seminar</td><td>1.0</td><td>121</td><td>121.0</td></tr>
<tr><td>Total</td><td></td><td>1,072</td><td>1,334.5</td></tr>
</table>
2. Commission a qualified testing agency to monitor the work environment every six months, and plan various safety and health education and training, conduct factory site inspections to explore potential risks, fire prevention training, and evacuation drills. The Company has obtained ISO 14001, ISO 45001, and TOSHMS certification. Implement safety and health management through PDCA's continuous improvement spirit.
3. In 2023, there were 9 occupational accidents involving employees and 9 employees were injured, accounting for 1.18% of the total employees. All of them encountered traffic accidents on the way to and from work. 4 were factory injuries, and 5 were commute traffic accidents.
4. There were no fire incidents in 2023. The company does yearly fire equipment checks, quarterly self-inspections, and random weekly inspections.
(IV) The Company establishes effective training programs for employees' career development:
1. Provide newcomers with education and training to help newcomers understand the working environment and related rules and regulations as soon as possible.
2. Formulate the license management system and related measures. Employees must complete relevant training and pass the certification exam before they can operate the production machines independently.
3. According to the Employee Education and Training Management Regulations, the Company organizes various professional training on engineering and quality control to ensure employees' professional competence in performing duties.
</td><td>None</td></tr>
</table>

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			4. Organize managerial training according to the level of management (basic, middle, and senior) to assist and strengthen their organizational management skills. 5. Organize work ability and skill improvement courses to cultivate employees' improvement of work efficiency and self-management ability. 6. Employees may apply for external training according to their needs, so as to understand market trends and the latest knowledge and technology, in order to improve work ability.	
(V) Does the Company comply with applicable laws and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and establish related policies and complaint procedures to protect the rights and interests of consumers or customers?	✓		(V) The Company has complied with ISO9001 quality management system certification and ISO14001 environmental certification, and strictly complied with RoHS bans and restrictions on hazardous substances and REACH Substances of Very High Concern (SVHC) specifications. The Company requires itself and its suppliers to not directly or indirectly finance or benefit the criminal armed groups that are seriously violating human rights in the Democratic Republic of the Congo and its neighbors relating to the procurement of tantalum, tin, tungsten and gold that are used in product manufacturing. We also keep personal information confidential in accordance with the reasonable expectations of the business counterparties (including suppliers, customers, consumers and employees). When collecting, storing, processing, transmitting and sharing personal information, we shall duly observe the Personal Information Protection Act and applicable laws and regulations governing privacy and data security. We have established the "Procedures for Handling Customer Complaints and Returned Products (QA-2-011)" for products and services. We have also provided a transparent and efficient consumer complaint channel and have purchased product liability insurance to protect the rights and interests of consumers.	None
(VI) Does the company establish supplier management policies	✓		(VI) 1. Supplier management policies and related compliance specifications: The Company has a supplier management policy in place, and regards suppliers as	

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and the implementation status thereof?			important partners of the Company's operations. In promoting corporate social responsibility, the Company considers the participation of the entire supply chain, besides maintaining quality and delivery, we also drive the supply chain to value human rights, protection of environment, health and safety, strengthen suppliers' Environmental, Social and Governance (ESG) management, including green environmental protection, labor human rights and ethics, health and safety, risk management and ethics, and prohibition of minerals from conflict areas, etc., to jointly establish a sustainable supply chain. (1) Supplier CSR risk management: AOT has developed the "Business Code of Conduct for Suppliers' CSR" in accordance with EICC version 5.1. In the procurement contract, AOT's suppliers must pass the supplier evaluation and sign and commit to comply with the EICC requirements. Assess the social, economic, and environmental risks of existing suppliers, and adopt audit control for suppliers assessed as high-risk, and supervise and correct actual and potential obvious negative deficiencies. (2) Supplier quality management: For the quality management of key materials, new suppliers are evaluated based on quality, cost, delivery time, technical ability, and selection is made for suitable suppliers for cooperation. The current key material suppliers are evaluated based on the non-performing delivery rate, service quality, and procurement delivery deadline. If they are not up to the standard, we would provide guidance and counseling. If there is still no effective improvement, the supplier will be removed from the qualified supplier list. The comprehensive management of suppliers is controlled and guided from the following three aspects: A. On supplier management for critical materials, quality meetings are held	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			with suppliers regularly to review related issues and make continuous improvements, in order to meet quality improvement requirements. B. On supplier management system verification, we would visit important suppliers as planned every year and conduct on-site audits. Once defects are discovered, the suppliers will be required to propose appropriate improvement plans to meet AOT expectations. C. Assessments for critical materials are made on a monthly basis based on the non-performing delivery rate, service quality, and procurement delivery deadline. Provide evaluation results to suppliers to urge them to make improvements. (3) Procurement risk diversification A. Material shortage risk management: The Company coordinates the material preparation mechanism with suppliers and establishes safety stocks according to the preparation time required for each material to ensure a smooth supply chain. To avoid the risk of material shortage or having only a single supplier, we will select two or more qualified suppliers according to the material evaluation mechanism for product development, and select new qualified suppliers based on product development needs through selection and evaluation process to ensure the smooth supply of materials. B. Local procurement: AOT production is concentrated in Taiwan and China. The supply chain mainly includes suppliers and related contractors of machine equipment, key spare parts such as LEDs, printed circuit boards, electronic materials, lighting modules, and materials, energy resources, and transportation. In order to shorten the time required for material preparation and accelerate the development time of new products, the Company actively	None

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			implements localization of materials, which can also reduce costs and carbon emissions generated during the transportation process, and create a triple-win situation for the AOT, suppliers, and the local economy. 2. Supplier management policies and related compliance specifications: (1) Procurement: The suppliers that pass the material evaluation must have the ISO9001& ISO14001 environmental certification and provide the quality guarantee and the environmental restricted substances testing consent. (2) Certification: Quality verification includes QSA and QPA. A. Suppliers with two scores >= 80% are qualified B. Suppliers with any item with a score of less than 80% cannot supply goods until the defects are corrected C. Performance and monitoring: In order to achieve stable quality and continuous improvement, monthly performance evaluation and annual audit (same certification content as above) are conducted. (3) Supplier sustainability assessment: The Company conducts its Sustainability Index evaluation and selection of suppliers of raw materials. The annual evaluation of qualified suppliers in 2022 conforms to 100% of supply chain management mechanisms.	
V. Does the Company prepare a sustainability report or other reports for disclosing non-financial information of the company with reference to international standards or guidelines for preparing		✓	The Company has not prepared the sustainability report yet.	In the future, reports will be prepared in accordance with regulatory requirements and referencing

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
reports? Have the reports mentioned previously obtained the assurance or assurance opinion of a third-party verification unit?				international accounting standards or guidelines.
VI. If the Company has established its own sustainability code of conducts in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations:	✓		The company has established the Sustainable Development Best Practice Principles and promotes the balance of economy, society, and environment in accordance with the concept of the Principles. There is no deviation from the Principles for the operation.	
VII. Other important information helpful for understanding the implementation of sustainable development:	✓		1. Assess risks or opportunities to the community and take corresponding measures: In order to implement corporate social responsibility, the company encourages and assists employees to participate in social welfare and care for disadvantaged groups. Giving back to the society is not limited to monetary donations, but also includes giving back to the society through practical actions and fulfilling social citizen responsibilities. We hope that by loving and caring, colleagues and society can gather positive power and work together for a better world. In 2013, the company participated in social welfare and disadvantaged group care activities as follows: (1) Donate nutritional drinks and dry food to Hsinchu Huashan Foundation.	

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
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			Reasons for the event: To assume social responsibility and support disadvantaged groups Time: August 2013 Location: Huashan Foundation, Hukou, Hsinchu Amount: NT$21,120 (2) Assist in caring for the elderly, poor families and foster children in the community. Reason for the activity: Disadvantaged groups in the company's neighboring areas Time: August 2013 Location: Fengshan Village, Hukou Township, Hsinchu County Amount: NT$21,120 (3) Donate materials to Ningyuan Nursing Home Reason for the event: Donate to disadvantaged groups in the community Time: June 2013 Location: Hukou Township, Hsinchu Amount: NT$30,290 (4) Collect Christmas wish card gifts for residents of Xin Miao Correctional Institution Reason for the event: Sponsoring disadvantaged groups in disadvantaged communities Time: December 2013 Location: Houlong Town, Miaoli Amount: About NT$42,000/84 people (5) Sponsor Hexingguo Primary School children’s programming courses Reason for the event: Remote primary schools lack teachers for urban courses Time: 2013 academic year Location: Hukou Township, Hsinchu Amount: NT$76,500/12 people.	

Promoting items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary note	
			(6) Ministry of Justice, Department of Corrections, Chengzheng Middle School Traditional Massage Technique Club Course Reasons for the activity: to provide guidance for rehabilitated people to go to school and find employment. Time: September 2023 to January2024 Location: Xinfeng Township, Hsinchu Amount: NT$80,000/15 people (7) Fulong National Primary School Drum Team Reason for the event: Inheriting the traditional culture of the community Time: February 2023 to August 2024 Location: Xinfeng Township, Hsinchu Amount: NT$48,000/35 people.	

The implementation of climate-related information

Promoting items	Status of implementation
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. To address climate change and the uncertainties in the market and policies, we regularly convene top executives to identify significant climate risks and opportunities. We assess the impact of floods, droughts, typhoons, and high temperatures on various operational sites. This helps us understand changes in the external environment and market dynamics, and improve our overall business strategy. According to the plan, we will establish the "Sustainable Development Committee" under the board of directors in the second half of 2024. This committee will form multiple functional groups responsible for risk identification, measurement, and control, managing according to the framework of the Task Force on Climate-related Financial Disclosures (TCFD). This structure ensures that climate change issues are effectively integrated into the company's operations, with specialists reporting group-level risk management to the "Sustainability Committee" and the board of directors.
2. Describe how identified climate risks and opportunities impact the business, strategy, and financials (short-term, medium-term, long-term).	2. The major climate risks faced by our company primarily stem from the regulations of various countries, as well as the demands from customers and investors for greenhouse gas reduction and standards for energy-saving and carbon-reducing products. *Short-term risks and opportunities: The costs of carbon auditing and voluntary carbon reduction will increase. However, if carbon disclosure is thorough and proactively managed, it can enhance customer trust. *Mid-term risks and opportunities: Legal compliance requirements for carbon disclosure, as well as costs for calculating product carbon footprints, will increase. However, developing low-carbon products can enhance product competitiveness.

	*Long-term risks and opportunities: The costs associated with carbon emissions, such as carbon taxes, will increase alongside the need for adjustments in the low-carbon supply chain, low-carbon research and development, production, and distribution logistics. However, if executed more efficiently, it can boost the company's competitiveness.
3. Describe the financial impact of extreme weather events and transition actions.	3. The regulatory compliance and customer demands for carbon emissions will increase the company's response costs. However, by adjusting performance assessment indicators and greening the overall value chain through green R&D, green production, and green sales, we can enhance product competitiveness, thereby increasing profits and company value.
4. Describe how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.	4. After the establishment of the "Sustainability Committee," our company will conduct risk assessments on environmental, social, and corporate governance issues related to our operations in accordance with the materiality principle. Relevant risk management policies or strategies will be formulated. The "Sustainability Committee" will regularly review key management areas and the implementation status, and report to the Board of Directors periodically.
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts applied.	5.N/A
6. If there is a transition plan to manage climate-related risks, describe the plan's content and the metrics and targets used to identify and manage physical and transition risks. 。	6. N/A
7. If internal carbon pricing is used as a planning tool, explain the basis on which the price is set.	7. N/A
8. If climate-related targets are set, describe the covered activities, greenhouse gas emission scopes, planning timeline, and annual progress achieved. If carbon	8. N/A

offsets or Renewable Energy Certificates (RECs) are used to meet these targets, explain the source and amount of carbon offsets or the quantity of RECs used. 9. Greenhouse Gas Inventory and Assurance Status, Reduction Targets, Strategies, and Specific Action Plans (to be filled in 1-1 and 1-2). ◦	9. To be filled in 1-1 and 1-2.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

(Indicate the greenhouse gas emissions for the most recent two years (in metric tons of CO 2e), intensity (metric tons of CO 2e per million dollars), and the scope of the data coverage.)

Year 2021

Company Basic Information	Per the Sustainable Development Roadmap for Listed Companies, the minimum disclosures required are:
□ Capital ≥ 10 billion TWD (Steel/Cement) □ Capital 5-10 billion TWD ■ Capital < 5 billion TWD	■ Mother company inventory □ Consolidated financial report subsidiary inventory ■ Mother company assurance □ Consolidated financial report subsidiary assurance

Scope 1	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	Assurance Description (Note 3)
Mother Company	411.80	0.000094	SGS Taiwan Ltd.	The above verification opinion is assured by SGS in accordance with ISO 14064-3 standards, with a reasonable assurance level.
Subsidiary Company	-			
…(Note 1)				
Total	356.42	0.000094		
Scope 2	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	
Mother Company	9253.77	0.002112	SGS Taiwan	

Subsidiary Company	-		Ltd.	
…(Note 1)				
Total	7760.35	0.002112		
Scope 3 (Voluntary Disclosure)				

Year 2022

Company Basic Information	Per the Sustainable Development Roadmap for Listed Companies, the minimum disclosures required are:
☐ Capital ≥ 10 billion TWD (Steel/Cement) ☐ Capital 5-10 billion TWD ■ Capital < 5 billion TWD	■ Mother company inventory ☐ Consolidated financial report subsidiary inventory ■ Mother company assurance ☐ Consolidated financial report subsidiary assurance

Scope 1	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	Assurance Description (Note 3)
Mother Company	356.42	0.000148	SGS Taiwan Ltd.	The above verification opinion is assured by SGS in accordance with ISO 14064-3 standards, with a reasonable assurance level.
Subsidiary Company	-			
…(Note 1)				
Total	356.42	0.000148		
Scope 2	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	
Mother Company	7760.35	0.003219	SGS Taiwan Ltd.公司	
Subsidiary Company	-			

…(Note 1)				
Total	7760.35	0.003219		
Scope 3 (Voluntary Disclosure)				

Note 1: Direct emissions (Scope 1, which are from emission sources owned or controlled by the company), energy indirect emissions (Scope 2, which are from the use of imported electricity, heat, or steam causing indirect greenhouse gas emissions), and other indirect emissions (Scope 3, which are emissions resulting from company activities but not categorized as energy indirect emissions, rather they originate from emission sources owned or controlled by other companies).

Note 2: The scope of coverage for direct emissions and energy indirect emissions data should be processed according to the schedule specified in Article 10, Paragraph 2 of this standard's decree. Information on other indirect emissions (Scope 3) may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at a minimum, the data should be reported based on turnover (in millions of New Taiwan Dollars).

1-1-2 Greenhouse Gas Assurance Information

(Explanation of the assurance situation for the most recent two years up to the date of the annual report publication, including the scope of assurance, assurance institutions, assurance standards, and assurance opinions.)

Year 2021

Company Basic Information	Per the Sustainable Development Roadmap for Listed Companies, the minimum disclosures required are:
☐ Capital ≥ 10 billion TWD (Steel/Cement) ☐ Capital 5-10 billion TWD ■ Capital < 5 billion TWD	■ Mother company inventory ☐ Consolidated financial report subsidiary inventory ■ Mother company assurance ☐ Consolidated financial report subsidiary assurance

Scope 1	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	Assurance Description (Note 3)
Mother Company	411.80	0.000094	SGS Taiwan	The above verification opinion is assured by SGS in

Subsidiary Company	-		Ltd.	accordance with ISO 14064-3 standards, with a reasonable assurance level.
…(Note 1)				
Total	411.80	0.000094		
Scope 2	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	
Mother Company	9253.77	0.002112	SGS Taiwan Ltd.	
Subsidiary Company	-			
…(Note 1)				
Total	7760.35	0.002112		
Scope 3 (Voluntary Disclosure)				

Year 2022

Company Basic Information	Per the Sustainable Development Roadmap for Listed Companies, the minimum disclosures required are:
☐ Capital ≥ 10 billion TWD (Steel/Cement) ☐ Capital 5-10 billion TWD ■ Capital < 5 billion TWD	■ Mother company inventory ☐ Consolidated financial report subsidiary inventory ■ Mother company assurance ☐ Consolidated financial report subsidiary assurance

Scope 1	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	Assurance Description (Note 3)
Mother Company	356.42	0.000148	SGS Taiwan Ltd.	The above verification opinion is assured by SGS in accordance with ISO 14064-3 standards, with a
Subsidiary Company	-			

…(Note 1)				reasonable assurance level.
Total	356.42	0.000148		
Scope 2	Total Emissions (tons CO_2e)	Intensity (tons CO_2e/NTD thousand)(Note 2)	Assurance Provider	
Mother Company	7760.35	0.003219	SGS Taiwan Ltd.	
Subsidiary Company	-			
…(Note 1)				
Total	7760.35	0.003219		
Scope 3 (Voluntary Disclosure)				

Note 1: According to the schedule prescribed by the order set forth in Article 10, paragraph 2 of these Guidelines, if the company cannot obtain the complete greenhouse gas assurance opinion by the printing date of the annual report, it should indicate "Complete assurance information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it should indicate "Complete assurance information will be disclosed on the Market Observation Post System," and the complete assurance information should be disclosed in the annual report of the following year.

Note 2: The assurance institution should comply with the relevant regulations for sustainability report assurance institutions as stipulated by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: The content of the disclosure can refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

(Mention the base year for greenhouse gas reduction, related data, reduction targets, strategies, specific action plans, and the current status of achieving these reduction targets.)
Currently, the company has not established concrete reduction plans and targets

Note 1: It should be handled according to the schedule specified in the order stipulated in Article 10, Paragraph 2 of these guidelines.

Note 2: The base year should be the year in which the assessment within the consolidated financial report boundary is completed. For example, according to the order specified in Article 10, Paragraph 2 of these guidelines, companies with a capital amount exceeding 10 billion TWD should complete the assessment for the consolidated financial report of the year 2024 by 2025. Therefore, the base year would be 2024. If a company has completed the assessment of the consolidated financial report earlier, that earlier year can be used as the base year. Additionally, the base year data can be calculated using either a single year's value or the average value of multiple years.

Note 3: The disclosure content can refer to the best practice examples available on the Taiwan Stock Exchange Corporate Governance Center website.

(VI) Deviation and causes of deviation between ethical corporate management practices and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:

Assessment items	Operation status			Deviation and causes of deviation to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:
	Yes	No	Summary note	
I. Establishment of ethical corporate management policies and plans (I) Has the company established an ethical corporate management policy that has been approved by its Board of Directors, and clearly stated such policies and methods in its internal regulations and external documents, as well as the commitment made by the Board of Directors and senior management on implementing the ethical corporate management policy? (II) Has the Company established an assessment mechanism for unethical conduct risks, to regularly analyze and evaluate the business activities with relatively high unethical conduct risks within the scope of operation, and establish the programs to prevent against unethical conducts based on this, in accordance with Article 7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”? (III) Does the company have the operation procedures, behavior guidelines, and disciplinary action and complaint system specified in the prevention program for unethical conduct and have they been implemented, reviewed and revised regularly?	✓ ✓ ✓		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors to stipulate the commitment of the Board of Directors and the senior management to implement the ethical corporate management policy of the Company. (II) The Company's board of directors has instituted the "Procedures for Ethical Management and Guidelines for Conduct" to address the concerns of conducts specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or business activities with high risk of unethical practices within the scope of operation. The board has also established a mechanism for assessing the risk of unethical conducts for the supervision of the Company's Ethical Management Committee. (III) The board of directors of the company has established the "Ethical Corporate Management Procedures and Code of Conduct" which specifies the procedures, code of conduct, disciplinary actions against violations, and a complaint system. They have been	None

Assessment items	Operation status			Deviation and causes of deviation to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:
	Yes	No	Summary note	
			implemented and reviewed on a regular basis.	
II. Implementing ethical corporate management (I) Does the Company evaluate the ethical records of all counterparts it does business with and specify the ethical conduct clauses in the contracts it signs with the counterparties? (II) Has the Company set up a dedicated unit under the board of directors to promote ethical corporate management, and has it reported its ethical management policy and plans for the prevention of unethical practices and the supervision of implementation to the board of directors on a regular basis (at least once a year)? (III) Does the company establish policies to prevent conflicts of interest, provide appropriate communication and complaint channels and implement such policies properly? (IV) Has the company established an effective accounting system and internal control system for practical implementation of ethical corporate management,	✓ ✓ ✓ ✓		(I) The Company has thoroughly assessed the ethical records of its counterparties, and has clearly stated the integrity commitment in the contracts signed. (II) The Company set up the "Ethical Corporate Management Committee" as a dedicated unit under the Board of Directors in October 2019 to implement related operations such as revision, implementation, interpretation, and consultation of the Operating Procedures for Ethical Management and Code of Conduct, and supervision of implementation. It reports the implementation status to the Board of Directors regularly (at least once a year). The latest board of director’s report was on November 09, 2023. (III) The Company has an effective accounting system and internal control system, and reviews and revises it from time to time in accordance with changes in laws and regulations and actual needs. The internal audit personnel conducts regular audits to ensure that the design and implementation of the system are continued and effective for achieving corporate governance and risk control. (IV) The Company has established an effective accounting system and internal control system, which are reviewed from time to time to ensure the continued	None

Assessment items	Operation status			Deviation and causes of deviation to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:
	Yes	No	Summary note	
and is the system regularly audited by the internal auditing unit, and does the unit propose relevant audit plans based on the assessment results of the risk of misconduct for auditing the implementation status of the prevention plan for misconduct, or is it entrusted to an accountant for auditing?			effectiveness of the design and implementation of such systems. Based on the findings of unethical conduct risk assessment, the internal audit unit will map out relevant audit plans and check on the compliance status with the plan, or will engage CPAs to perform the audits.	
(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?	✓		(V) The Company upholds a corporate culture of integrity and honesty, and regularly organizes internal and external training and promotion of ethical corporate management. New recruits are to have their rights and obligations clearly communicated on the day they assume office, so as to cultivate employees' identification with the concept of integrity to enhance employees' self-discipline behavior.	None
III. Operation of the Company's whistle-blowing system (I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (II) Does the company stipulate the standard operating procedures, the follow-up measures should be taken after the investigation and relevant confidentiality mechanism for the reported matters?	✓ ✓		(I) The Company has implemented a specific reporting system and set up a dedicated contact window for handling the reporting, verifying, and treatment. The Company assigns an appropriate dedicated personnel for the whistleblower to process the case of reported misconducts. (II) The Company has established standard investigation procedures for accepting reports, and related subsequent measures, and maintains the confidentiality of the whistleblowers and the contents of the report.	None

Assessment items	Operation status			Deviation and causes of deviation to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies:
	Yes	No	Summary note	
(III) Did the Company take measures to protect whistleblowers from undue treatment due to whistle blowing?	✓		(III) Based on the confidentiality principle, the Company only provides the audit unit with the needs of the audit operation to protect the whistleblower and the content of the report from undue treatment as a result.	
IV. Strengthening of information disclosure Does the company disclose the content of its Ethical Corporate Management Best Practice Principles and its implementation effectiveness on its website and Market Observation Post System?	✓		The Company discloses the Ethical Corporate Management Best Practice Principles and other relevant information through the corporate website and MOPS in a timely manner.	None
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the current practices and any deviations from the principles: None.				
VI. Other important information that helps to understand the operation of the Company's ethical corporate management (e.g., the Company's reviewing and amending of the Ethical Corporate Management Best Practice Principles): In accordance with the changes in laws and regulations, the Company had on the August 8, 2019, Board of Directors meeting, amended the “Ethical Corporate Management Best Practice Principles” and on the May 7, 2020 Board of Directors meeting, amended the "Ethical Corporate Management Procedures and Behavioral Guidelines."				

(VII) If the Company has established corporate governance principles or other relevant guidelines, reference method to such principles must be disclosed:

The Company has established the "Codes of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," "Rules Governing the Scope of Powers of Independent Directors," "Corporate Governance Best-Practice Principles," "Corporate Social Responsibility Best-Practice Principles," the "Shareholder’s Meeting Rules of Procedures" and a complete internal control system and internal audit system to implement the operation and promotion of corporate governance. The relevant regulations have been uploaded to the company's internal inquiry system and can be inquired on the company's website or the Market Observation Post System.

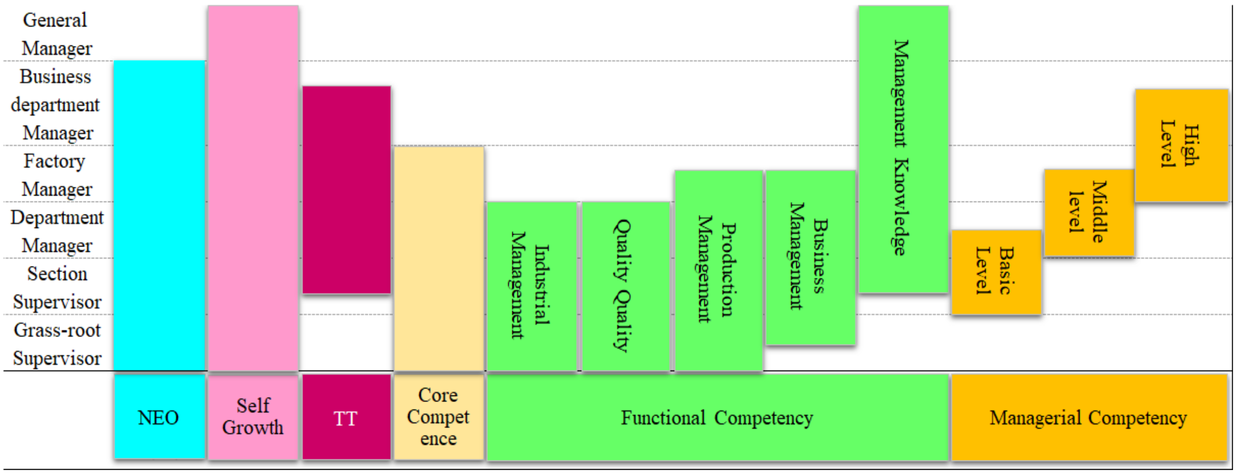
(VIII) Other material information that is helpful for understanding the operation of the Company's corporate governance may be disclosed: None.

1. Succession planning and operation status of board members:

The company adopts a candidate nomination system for the election of directors, and clearly stipulates the diversity policy for board members in the "Corporate Governance Practice Principle", including gender, age, nationality, professional knowledge and skills, etc. in the diversity policy. There are a total of 7 board members. Members have professional backgrounds in law, industry, accounting, marketing and technology, etc., and have different professional backgrounds, such as operation management and leadership decision-making, operational judgment and crisis management, accounting and financial analysis capabilities, industry knowledge and international market perspective, etc. Professional capabilities

demonstrate diverse and complementary effects.
The composition structure of the company's board of directors should include no less than one-third of the directors as independent directors, and directors who also serve as company managers should not exceed one-third of the directors in order to achieve the goal of corporate governance.
In order to meet the needs of sustainable operation of the enterprise and implement the operation strategy, directors who are also managers of the company should possess operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, industry knowledge, international market perspective, leadership ability and decision-making capacity.
For high-potential talents, the company conducts ability training and performance evaluation through internal and external courses, project experience, job rotation, etc. based on the abilities they should possess to serve as directors, in order to meet the company's expectations.
The company will use the "board performance evaluation results" as a reference for director nomination and renewal.

2. Succession planning and operation of important management levels:
   The company's human resources department coordinates the establishment of a talent development system. In addition to clearly defining the functional roles and responsibilities, it also conducts systematic education and training, as well as promotion conditions and schedule planning based on the abilities required for each position, and organizes the functional development system structure of managers at all levels.
   The company conducts talent review from time to time and implements talent development and assessment plans for high-potential talents to develop high-level executive talents needed for the company's sustainable development. In addition, the company has also included "talent cultivation and development" as one of the key items in the performance evaluation of managers at all levels, and improved the talent cultivation system in conjunction with departmental goals.
3. The company's talent development training system:



4. Intellectual Property Management Plan
   In order to promote products and maintain hard-won innovative technologies, the Company has formulated intellectual property strategies that combine the Company's operational goals and R&D resources, and established an excellent intellectual property right management plan to create an operation model based on the Company's value, to protect the Company's R&D outcomes and strengthen our competitive advantage.
   4.1 Management of patents
      In order to establish an intellectual property right system, the Company has established the intellectual property reward management regulations internally to encourage employees to

submit applications for invention patents and continue to accumulate intellectual property rights. The evaluation and review process are conducted through the patent proposal system established by the patent offices within the Group for managing patent proposals, patent search reports, and controlling the quantity and quality of patent applications. Externally, for patent litigation triggered by the lawsuits against the domestic and foreign companies of the LED industry and end customers in the courts of various countries, the Company's Legal Affairs and Intellectual Property Department will immediately collect relevant information and conduct search and research related patent scopes. The Department will make technical exchanges and discussions with the Technology Development Department and R&D Department and related cooperating manufacturers to confirm if there is also the risk of infringement. In addition, on the layout of patents, the Company's patent offices within the Group plan the layout and application of patents.

Regarding the development of new products of the Company, the Technology Development and R&D Department will in the early stage of R&D conduct a prior art search through the Legal Affairs and Intellectual Property Department to avoid patent infringement problems.

In addition, in order to expand the sales scale of products, the Company not only applies for the patent right itself, but also signs patent licensing contracts with international leading manufacturers to enhance the strength of the Company's patent right protection, thereby obtaining sales orders and improving business performance.

4.2 Business secret management: The employment contracts signed between the Company and regular employees have special regulations as follows:

Confidential information and passwords that employees have learned, came into contact, held, and used during their tenures are important assets of the Company and its customers. Employees shall take effective measures to protect such confidential information and passwords with due care as administrators. Employees are also prohibited from divulging or handing over their confidential information and passwords to any third party in any way during or after their employment. Employees must not directly or indirectly use the Company's confidential information and passwords for their own benefit or the benefit of others during or after their employment, except for the discharge of duties and with the prior written consent of the Company. Employees of the Company must not directly or indirectly copy, misappropriate or infringe upon the intellectual property and/or confidential information of their former employer or any third party in order to engage in or perform any business or work of the Company.

4.3 Implementation: The Company submits and reports on the intellectual property-related matters to the Board of Directors on a regular basis every year, with the most recent reporting date on November 9, 2023.

The Company has introduced the Group's intellectual property management system since 2010. Major implementations in recent years are as follows:

(1) In 2015, introduced the technical asset management system (patent proposal system).
(2) In 2016, the Company conducted patent inventory and resold valuable patents for useless technologies in the plant and terminated maintenance on patents with outdated or unusable structural designs.
(3) In 2018, applied for invention patent bonus in the intellectual property field from Market Supervision and Regulation Bureau of Shenzhen Municipality.
(4) From 2019 to 2020, the Company conducted another patent inventory, classified the obtained patented technologies into grades A, B, and C, and eliminated grade C (i.e., low-value or outdated patented technologies), with a total of 319 cases terminated during the period (61 cases were converted into monetization) to reduce maintenance expenditure.
(5) Reviewed the patents for which fees were charged in that year in 2021, and eliminated 20

patents with low value or outdated technology in order to reduce maintenance expenses.

(6) Reviewed the patents for which fees were charged in that year in 2022, and eliminated 20 patents with low value or outdated technology in order to reduce maintenance expenses.

(7) At the beginning of 2023, we conducted a comprehensive review of patents. We eliminated 59 patents related to outdated or non-applicable technologies to reduce maintenance costs.

(8) In 2023, we filed patent applications for new products and technologies. To support our subsidiary’ s involvement in AR and VR products, Rongchuang and the subsidiary applied for joint and utility model patents. As of December 31, 2023, a total of 22 new proposals were submitted, including 15 patents under review in both China and Taiwan, and 4 patents under review in the United States.

4.4 The list of intellectual property acquired so far and the results are as follows:

As of December 31, 2023, the Company has been granted a total of 1,273 patents worldwide, including 549 patents in Taiwan, 350 patents in China, 315 patents in the United States, and 59 patents in other countries. In 2016 and 2019 and 2020, patents were inventoried, and some patents were resold or eliminated, as well as expired patents. Patents subject to fees in that year are also reviewed every year thereafter to evaluate whether to continue the maintenance. The total number of patents granted worldwide currently under maintenance is 282 patents, including 97 patents in Taiwan, 60 patents in China, 116 patents in the United States, and 9 patents in other countries.

(IX) Status of Implementation of Internal Control System

1. Statement on Internal Control:

Advanced Optoelectronic Technology Inc.
Statement on Internal Control

Date: March 12, 2024

Based on the findings of self-assessment, the Company states the following with regard to its internal control system during the fiscal year 2023:

1.The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aiming at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes remedial actions as soon as a deficiency is identified.

3.The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details.

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

5.Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

6.This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7.This Statement has been passed by the Board of Directors Meeting of the Company held on March 12, 2024, where 7 of the 0 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Advanced Optoelectronic Technology Inc.

Chairman: Fang, Jung-Hsi

General Manager: Huang, Yu- Liang

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: Not applicable.

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

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

Type of Meeting	Date of Meeting	Important Resolutions
Annual Shareholders' Meeting	2023.06.28	(1) Passed the recognition of the Company's 2022 Business Report and Financial Statements. Implementation: The resolution was passed. (2) Passed the recognition of the Company's 2022 distribution of earnings. Implementation: The resolution was passed. No dividends will be distributed for the fiscal year 2022.
Board Meeting	2023.03.10	(1) Passed the Company's internal control statement in 2022. (2) Passed the Company's 2022 consolidated and parent company only financial statements. (3) Passed the appointment of the current CPAs of "PricewaterhouseCoopers" to continue serving as the Company's CPAs. (4) Passed the agreement to sign the "Derivatives Trading" contract with the bank in the second quarter of 2023. (5) Passed the amendments to the Company's "Corporate Governance Best Practice Principles." (6) Passed the amendments to the Company's "Sustainable Development Best Practice Principles." (7) Passed the appointment of a corporate governance officer. (8) Passed the application for bank credit line in the 2nd quarter of 2023. (9) Passed the recommended matters proposed by the 3rd meeting of the 5th Remuneration Committee. (10) Passed the motion for the convention of the Company's 2023 annual general meeting of shareholders. (11) Passed the pre-approval of non-assurance services provided to the Company, the parent company and subsidiaries by the CPAs, their firm and its affiliates.
Board Meeting	2023.05.09	(1) Passed the Company's Annual Accounting Final Reports and Statements of 2022. (2) Passed the proposal of deficit compensation of 2022. (3) Passed the Company's consolidated financial statements for the first quarter of 2023. (4) Passed the agreement to sign the "Derivatives Trading" contract with the bank in the third quarter of 2023. (5) Passed the application for bank credit line in 3rd quarter of 2023.

Type of Meeting	Date of Meeting	Important Resolutions
		(6) Passed the motion to increase investment in "Asphetek Solution Inc." (7) Passed the set-up to the company's "Rules Governing Financial and Business Matters Between the Corporation and its Affiliated Enterprises."
Board Meeting	2023.08.10	(1) Passed the Company's consolidated financial statements for the second quarter of 2023. (2) Passed the agreement to sign the "Derivatives Trading" contract with the bank in the fourth quarter of 2023. (3) Passed the application for bank credit line in fourth quarter of 2023. (4) Passed the amendments to the Company's " Standard Operating Procedure for Handling Director Requests." (5) Passed the change of the audit supervisor.
Board Meeting	2023.11.09	(1) Passed the Company's consolidated financial statements for the third quarter of 2023. (2) Passed the agreement to sign the "Derivatives Trading" contract with the bank in the first quarter of 2024. (3) Passed the application for bank credit line in first quarter of 2024. (4) Passed the amendments to the Company's " Rules Governing the Scope of Powers of Independent Directors." (5) Passed the change of the audit supervisor. (6) Passed the Major Transactions with Related Parties.
Board Meeting	2023.12.21	(1) Passed the internal audit plan for 2023. (2) Passed the business plan for 2023. (3) Passed the Resolution for General Manager Change. (4) Passed the Major Transactions with Related Parties.
Board Meeting	2024.03.12	(1) Passed the Company's internal control statement in 2023. (2) Passed the Company's 2023 consolidated and parent company only financial statements. (3) Passed the appointment of the current CPAs of "PricewaterhouseCoopers" to continue serving as the Company's CPAs. (4) Passed the agreement to sign the "Derivatives Trading" contract with the bank in the second quarter of 2024. (5) Passed the application for bank credit line in the second quarter of 2024. (6) Passed the amendments to the Company's " Regulations Governing the Acquisition and Disposal of Assets." (7) Passed the Operational Plan for Subsidiary Asphetek Solution Inc. for the Year 2024. (8) Passed the motion for the convention of the Company's 2024 annual general meeting of shareholders. (9) Passed the amendments to the Company's " Rules for Performance Evaluation of Board of Directors." (10) Passed the recommended matters proposed by the 5st meeting of the 5th Remuneration Committee.

Type of Meeting	Date of Meeting	Important Resolutions
Board Meeting	2024.05.09	(1) Passed the Company's Annual Accounting Final Reports and Statements of 2023. (2) Passed the Company's 2023 distribution of earnings. (3) Passed the Company's consolidated financial statements for the first quarter of 2024. (4) Passed the agreement to sign the "Derivatives Trading" contract with the bank in the third quarter of 2024. (5) Passed the application for bank credit line in 3rd quarter of 2024. (6) Passed amendments to the Company's "Rules of Procedure for Board of Directors Meetings." (7) Passed the amendments to the Company's " Audit Committee Charter."

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

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Job Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
General Manager	Huang, Yu- Liang	2018.08.09	2023.12.06	Resignation due to health reasons
Chief internal auditor	Chuang,Kuo-Liang	2022.12.20	2023.07.31	Personal career planning

V、Information on the Professional Fees of the attesting CPAs Unit: NT$ thousand

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Pricewaterhouse Coopers	Lin, Po-Chuan Chang, Shu-Chiung	2023.01.01~ 2023.12.31	2,650	460	3,110	Non-audit fee is for Business Income Tax Certification

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

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

VI. Information on Replacement of CPAs

(I) Regarding the former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="3">March 17, 2022</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="3">Organizational adjustment within the accounting firm</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td>Parties
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td>Terminated the engagement</td><td colspan="2" rowspan="2">Not Applicable</td></tr>
<tr><td>No longer accepted (continued) engagement</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">Disagreement with the Company?</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of Financial Statements</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>No</td><td colspan="2">∨</td></tr>
<tr><td>Specify details</td><td colspan="2">None</td></tr>
<tr><td>Other disclosures</td><td colspan="3">None</td></tr>
</table>

(II)About the Successor CPAs:

Name of accounting firm	Pricewaterhousecoopers
Name of CPAs	Lin, Po-Chuan & Chang, Shu-Chiung
Date of engagement	Resolution of the Board of Directors on Mar. 17, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not Applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not Applicable

(III) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not Applicable.

VII. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

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

(I) Changes in Equity/Pledge

Title	Name	2023		Current fiscal year as of Apr. 29, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Fang, Jung-Hsi	—	—	—	—
Director	Chuang, Hong-Jen	—	—	—	—
Director	Chang, Deng-Kai	—	—	—	—
Independent Director	Liu, Shi-Heh	—	—	—	—
Independent Director	Yu, Hsiang-Tun	—	—	—	—
Independent Director	Charles W. Tu,	—	—	—	—
Independent Director	Wang, Shu-Lan	—	—	—	—
CEO & GM	Fang, Jung-Hsi(Note 1)	—	—	—	—
Special Assistant , Dept. of New Tech Development	Tseng, Wen-Liang	—	—	—	—
Director, BU of Backlight	Lo, Shih-Hsiang	—	—	—	—
Director, BU of Automotive	Ho, Hsing-Wei	—	—	—	—
Director, Operation Management Center	Yao, Chin-Hsing	—	—	—	—
Div. Head of Exe office	Chen, Chang-Ho	—	—	—	—
Div. Head of F&A and Investment Management	Cheng, Chen-Hsun	(220,000)	—	(280,000)	—

Note 1: Huang, Yu- Liang resigned in December, 2023 with Fang, Jung-Hsi concurrently assuming the roles of CEO and GM.

(I) The counterparty of a transfer of shareholding is a related party: None.

(II) The counterparty of a pledge of shareholding is a related party: None.

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

April 29, 2024

Name	Shareholding		Shareholding of spouse and minor children		Shareholding by Nominee Arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remark
	Number	%	Number	%	Number	%	Name	Relationship	
Hua Zhu Investment Co., Ltd	7,672,000	5.31%	—	—	—	—	—	—	—
Representative: Lu, Chun-Fu	—	—	—	—	—	—	—	—	—
InnoJoy Investment Corp.	6,964,222	4.82%	—	—	—	—	—	—	—
Representative: Hung, Chin-Yang	—	—	—	—	—	—	—	—	—
Chi-Yu investment Industrial Co., Ltd	3,350,000	2.32%	—	—	—	—	—	—	—
Representative: Fang, Jung-Hsi	—	—	—	—	—	—	—	—	—
Chuang, Hong-Jen	3,206,000	2.22%	—	—	—	—	—	—	—
Standard Chartered Bank as custodian of LGT Band AG	2,469,000	1.71%	—	—	—	—	—	—	—
Haishiwei Ltd.	1,200,000	0.83%	—	—	—	—	—	—	—
Representative: Huang, Yung-Ting	—	—	—	—	—	—	—	—	—
Fang, Jung-Hsi	1,007,000	0.70%							
Chen An Investment Consulting Ltd.	1,001,000	0.69%	—	—	—	—	—	—	—
Representative: Wu, Yu-Ju	—	—	—	—	—	—	—	—	—
Fu-Yao Ltd.	1,000,000	0.69%	—	—	—	—	—	—	—
Representative: Li, Chih-Hsiang	—	—	—	—	—	—	—	—	—
HSBC Bank (Taiwan) Limited entrusted to custody Morgan Stanley International Limited's investment account.	903,452	0.63%	—	—	—	—	—	—	—

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

March 31, 2024

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Advanced Optoelectronic Technology Holding LTD.	3,250,000	100%	—	—	3,250,000	100%
AOT Holding Ltd	—	—	2,250,000	100%	2,250,000	100%
ZHAN JING Technology (Shen ZHEN) Co., Ltd.	—	—	Paid-in capital USD 2,130,000	—	Paid-in capital USD 2,130,000	100%
ELUX Inc.	283,000	25.94%	—	—	283,000	25.94%
Guangdong Kai Chuang Display Technology Co., Ltd.	—	—	Paid-in capital RMB 1,000,000	20%	Paid-in capital RMB 1,000,000	20%
Asphetek Solution Inc.	14,200,000	47.33%	800,000	2.67%	15,000,000	50%
Asphetek Solution(Chengdu) Inc.	—	—	Paid-in capital USD 2,000,000	47.33%	Paid-in capital USD 2,000,000	47.33%

Section Four - Capital Overview

I. Source of Capital

(I) Capitalization

May 13, 2024

Unit:1,000 shares; NT$1,000

Year/ Month	Issued price (Per share)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1999.10	10	2,400	24,000	600	6,000	Capital injection by cash	None	Oct. 02, 1999 Central Region Office, Ministry of Economic Affairs No.00619209
2000.09	10	10,000	100,000	4,706	47,063	Capital increase by cash	None	Sep. 18, 2000 Central Region Office, Ministry of Economic Affairs No.89494849
2002.10	12	20,000	200,000	13,033	130,334	Capital increase by cash	None	Oct. 11, 2002 Ching-Shou-Shang-Tzu No.09101412000
2003.03	13	20,000	200,000	19,250	192,500	Capital increase by cash	None	Mar. 28, 2003 Ching-Shou-Shang-Tzu No.09201092570
2003.12	10	33,000	330,000	21,771	217,706	Captial increase by retained earnings	None	Dec. 30, 2003 Ching-Shou-Chung-Tzu No.09233222810
2003.12	10	33,000	330,000	23,436	234,360	Captial increase by capital reserve	None	Dec. 30, 2003 Ching-Shou-Chung-Tzu No.09233222810
2004.07	20	33,000	330,000	26,436	264,360	Capital increase by cash	None	Jul. 02, 2004 Ching-Shou-Chung-Tzu No.09332344670
2004.09	10	56,000	560,000	32,675	326,747	Captial increase by retained earnings	None	Sep. 09, 2004 Ching-Shou-Chung-Tzu No.09332684680
2005.02	28	56,000	560,000	39,675	396,747	Capital increase by cash	None	Feb. 05, 2005 Ching-Shou-Chung-Tzu No.09431668060
2005.10	10	88,000	880,000	53,986	539,859	Captial increase by retained earnings	None	Oct. 14, 2005 Ching-Shou-Shang-Tzu No.09401202920
2006.02	10	88,000	880,000	55,321	553,205	Exercise of employee stock options	None	Feb. 07, 2006 Ching-Shou-Shang-Tzu No.09501021590
2006.08	20	120,000	1,200,000	65,320	653,205	Capital increase by cash	None	Aug. 09, 2006 Ching-Shou-Shang-Tzu No.09501173980
2006.11	10	120,000	1,200,000	70,262	702,621	Captial increase by	None	Nov. 21, 2006 Ching-Shou-Shang-Tzu

Year/ Month	Issued price (Per share)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
						retained earnings		No.09501262300
2007.09	10	240,000	2,400,000	180,000	1,800,000	Private placement	None	Sep. 06, 2007 Ching-Shou-Shang-Tzu No.09601217350
2009.07	10	240,000	2,400,000	90,000	900,000	Reduced capital by deficit compensation	None	Jul. 22, 2007 Ching-Shou-Shang-Tzu No.09801165220
2009.11	10	240,000	2,400,000	130,000	1,300,000	Capital increase by cash	None	Nov. 10, 2009 Ching-Shou-Shang-Tzu No.09801258130
2014.08	72	240,000	2,400,000	145,340	1,453,400	Capital increase by cash	None	Aug. 25, 2014 Ching-Shou-Shang-Tzu No.10301166930
2015.01	10	240,000	2,400,000	146,236	1,462,360	Exercise of employee stock options	None	Jan. 14, 2015 Ching-Shou-Shang-Tzu No.1040100524
2015.04	10	240,000	2,400,000	146,584	1,465,840	Exercise of employee stock options	None	Apr. 29, 2015 Ching-Shou-Shang-Tzu No.10401067250
2015.05	10	240,000	2,400,000	146,688	1,466,880	Exercise of employee stock options	None	May 26, 2015 Ching-Shou-Shang-Tzu No.10401098190
2016.01	10	240,000	2,400,000	147,496	1,474,960	Exercise of employee stock options	None	Jan. 26, 2016 Ching-Shou-Shang-Tzu No.10501015820
2016.04	10	240,000	2,400,000	147,931	1,479,310	Exercise of employee stock options	None	Apr. 28, 2016 Ching-Shou-Shang-Tzu No.10501073770
2016.05	10	240,000	2,400,000	147,956	1,479,560	Exercise of employee stock options	None	May 30, 2016 Ching-Shou-Shang-Tzu No.10501107610
2017.01	10	240,000	2,400,000	148,863	1,488,630	Exercise of employee stock options	None	Jan. 06, 2017 Ching-Shou-Shang-Tzu No.10501298690
2017.04	10	240,000	2,400,000	149,416	1,494,160	Exercise of employee stock options	None	Apr. 13, 2017 Ching-Shou-Shang-Tzu No.10601046650
2017.05	10	240,000	2,400,000	149,450	1,494,500	Exercise of employee stock options	None	May 31, 2017 Ching-Shou-Shang-Tzu No.10601068340
2017.11	10	240,000	2,400,000	149,548	1,495,480	Exercise of employee stock options	None	Dec. 06, 2017 Ching-Shou-Shang-Tzu No.10601162850
2018.08	10	240,000	2,400,000	144,548	1,445,480	Cancellation of treasury shares	None	Aug. 22, 2018 Ching-Shou-Shang-Tzu No.10701103520

(II) Type of stock

May 13, 2024
Unit: 1,000 shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	144,548	95,452	240,000	Listed on TWSE

II. Composition of Shareholders

April 29, 2024

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Persons	Total
Number of Shareholders	0	1	192	44,834	73	45,100
Shareholding (shares)	0	60	22,965,926	114,001,126	7,580,888	144,548,000
Holding Percentage	0	0	15.89%	78.87%	5.24%	100%

III. Distribution of Shareholding

April 29, 2024

Range of no. of Shares held	Number of Shareholders	Shareholding(Shares)	Shareholding(%)
1~ 999	23,868	1,554,661	1.08%
1,000~ 5,000	17,126	35,601,224	24.63%
5,001~ 10,000	2,348	18,863,585	13.05%
10,001~ 15,000	569	7,403,671	5.12%
15,001~ 20,000	427	8,091,208	5.60%
20,001~ 30,000	294	7,701,543	5.33%
30,001~ 40,000	147	5,362,978	3.71%
40,001~ 50,000	82	3,851,207	2.66%
50,001~ 100,000	154	10,698,939	7.40%
100,001~ 200,000	46	6,135,302	4.24%
200,001~ 400,000	19	5,045,000	3.49%
400,001~ 600,000	7	3,583,000	2.48%
600,001~ 800,000	3	1,883,008	1.30%
800,001~ 1,000,000	2	1,903,452	1.32%
1,000,001 or over	8	26,869,222	18.59%
Total	45,100	144,548,000	100.00%

IV. List of Major Shareholders

April 29, 2024

Major shareholders \ Shareholding	Shareholding(Shares)	Shareholding(%)
Hua Zhu Investment Co., Ltd	7,672,000	5.31%
InnoJoy Investment Corp.	6,964,222	4.82%
Chi-Yu investment Industrial Co., Ltd	3,350,000	2.32%
Chuang, Hong-Jen	3,206,000	2.22%
Standard Chartered Bank as custodian of LGT Band AG	2,469,000	1.71%
Haishiwei Ltd.	1,200,000	0.83%
Fang, Jung-Hsi	1,007,000	0.70%
Chen An Investment Consulting Ltd.	1,001,000	0.69%
Fu-Yao Ltd.	1,000,000	0.69%
HSBC Bank (Taiwan) Limited entrusted to custody Morgan Stanley International Limited's investment account.	903,452	0.63%

Note: Major Shareholder means the shareholder who owns over 5% ownership or belongs to top 10 shareholders.

V. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NTD

Item	Fiscal Year		2022	2023	Current year to May 12, 2023 (Note 8)
Market Price per Share (Note 1)	Highest market price		30.00	35.00	40.00
	Lowest market price		15.15	16.50	26.45
	Average market price		20.51	26.96	33.26
Net Worth per Share (Note 2)	Before Distribution		17.39	17.15	17.06
	After Distribution		17.39	17.15	Not yet distributed
Earnings Per Share (EPS)	Weighted Average Shares (thousand shares)		144,548	144,548	144,548
	Earnings Per Share (Note 3)		(0.98)	(0.70)	(0.30)
Dividends per Share	Cash Dividends		0	0	Not yet distributed
	Stock Dividends	Dividends from Retained Earnings	0	0	Not yet distributed
		Dividends from Capital Reserve	0	0	Not yet distributed
	Accumulated Undistributed Dividends(Note 4)		0	0	Not yet distributed
Analysis of return on investment	Price/Earnings Ratio (Note 5)		(20.93)	(38.51)	(110.87)
	Price/Dividend Ratio (Note 6)		NA	NA	Not yet distributed
	Cash Dividend Yield Rate (Note 7)		NA	NA	Not yet distributed

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at year-end. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

VI. Dividend Policy and Implementation Status

(I) Dividend Policy

If there is any profit for a specific fiscal year, the Company shall allocate not less than 5% of the profit as employees’ compensation and shall allocate not more than 0.1% of the profit as remuneration to Directors, provided that the Company’s accumulated losses shall have been covered in advance.

Employee’s compensation is distributed in the form of shares or cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. Those proposals shall be adopted by the Board of Directors by a majority vote in a meeting attended by over two-thirds of the Directors and shall be reported in the shareholder’s meeting.

If there is any profit in the annual financial statements of the Company, such profit shall be distributed in the following orders:

(1) Reserve for tax payments.

(2) Offset accumulated losses in previous years, if any.

(3) Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company’s total capital stock.

(4) Allocate or reverse special reserves as required by Article 41 of Securities and Exchange Act.

(5) The remaining net profits and the retained earnings from previous years will be allocated as shareholders’ dividends. The Board of Directors will prepare a distribution proposal and submit the proposal to the shareholders’ meeting for review and approval by a resolution.

The dividend policy shall take the factors into account such as future development, stable financial structure and shareholders’ benefits, and the allocation of dividends shall be paid at a rate not less than 20% of the current year’s distributable earnings; however if the distributable earnings are less than 1% of the paid-in capital, the Company may resolve to transfer the entire amount to retained earnings without distribution. Dividends to shareholders may be distributed in cash or in stock, and the stock dividends shall not be higher than half of the total dividends to shareholders.

(II)Proposed Distribution of Dividend: There is no distribution proposal in this shareholders' meeting.

(III) Expected significant change in dividend policy: None.

VII. Effect of the Proposed Stock Dividends (to be adopted by the shareholders' meeting) on the Operating Performance and Earnings Per Share: Not applicable.

VIII. Remuneration of Employees, Directors and Supervisors

1. Information Relating to Employee Bonus and Directors’ and Supervisors' Remuneration in the Articles of Incorporation:

1.1 If there is any profit for a specific fiscal year, the Company shall allocate not less than 5% of the profit as employees’ compensation and shall allocate not more than 0.1% of the profit as remuneration to Directors, provided that the Company’s accumulated losses shall have been covered in advance.

Employee’s compensation is distributed in the form of shares or cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification. Those proposals shall be adopted by the Board of Directors by a majority vote in a meeting attended by over two-thirds of the Directors and shall be reported in the shareholder’s meeting.

1.2 The remuneration of directors shall be determined by the Board of Directors according to their participation level and contribution value, and shall be compared with the standard of the same industry.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.
   2.1 The calculation of the amount of employee, director, and supervisor profit-sharing compensation is to use the number of the net income before tax with employee & directors compensation as basis, and to consider the status of accumulated losses. Then, use the percentage in Articles of Incorporation to be the basis for estimating.
   2.2 The closing price of the day before the resolution date of the Board of Directors is the calculating basis for the number of shares to be distributed as employee profit-sharing compensation, according to FSC’s instruction No.1050001900 dated on 2016.01.30.
   2.3 Where there is discrepancy between the actually distributed and the estimated amount, it shall be treated in accordance with the change in accounting estimates and adjusted in the year of the Board’s resolution.
3. Distribution of remuneration approved by the Board of Directors:
   3.1 The amount of Employees' compensation distributed in cash or stocks and directors' remuneration: Due to the loss of 2023, there is not distribution of employee’s compensation and directors’ remuneration. The figures passed by the Board and accounted in the financial statements are both zero.
   3.2 The amount of employees’ compensation distributed in stocks, and its proportion of the net income after tax provided in individual financial reports for the current period and total employees’ compensation: Not applicable.
4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated:

4.1 Actual disbursement amount and difference:

Unit: NT$ thousand

Fiscal year 2022	The amount accounted in the financial statements.	The amount actual paid	Difference
Employees' Compensation	0	0	0
Directors' Compensation	0	0	0

4.2 The reason for difference: No difference.

4.3 Response: NA.

IX. Status of Stock Buyback: None.

X. Status of Bonds: None.

XI. Status of Preferred Shares: None.

XII. Status of Global Depository Receipts: None.

XIII. Status of Employee Stock Options: None.

XIV. Status of Employee Restricted Stock: None.

XV. Status of Mergers: None.

XVI. Status of New Share Issuance in Connection with Acquisitions: None.

XVII. Financing Plans and Implementation:

Uncompleted share issuance, private placement or completed transactions without expected benefits in the past 3 years: None.

Section Five - Business Activities

I. Business Scope

(I) Business Scope

1. The scope of business of the Company shall be as follows:

（1） CC01080: Electronic Parts and Components Manufacture.

（2） F119010: Wholesale of Electronic Materials.

（3） F219010: Retail Sale of Electronic Materials.

（4） F401010: International Trade

（5） IZ99990: Other Industrial and Commercial Services.(The research & Test of LD and LED)

（6） I501010: Product Designing.

（7） ZZ99999: All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Major lines of business and the relative weight of each

Unit: NT$ thousand

Year Product Category	2022(Consolidated)		2023(Consolidated)	
	Net Revenue	(%)	Net Revenue	(%)
SMD LED(self-made)	2,153,476	89.33	1,772,973	89.88
SMD LED(commodity)	255,572	10.60	198,406	10.06
Others	1,624	0.07	1,245	0.06
Total	2,410,672	100.00	1,972,624	100.00

3. Current Products (Services)

（1） Surface Mount Device LED(SMD LED)

（2） LED Backlight & Lighting

（3） Sensor and wearable device application products

（4） Automotive application products

（5） Other Products

4. New Products(Services) Planned for Development

（1） Backlighting Application Products

（2） Sensor/optocoupler/IC packaging application products

（3） Vehicles-related Application Products

（4） Lighting applied in Biotech and industry

(II) Overview of the industry

1. Industry status and development

2023 marks the year when all economic activities finally return to the pre-pandemic trajectory. In the first half of the year, countries outside China actively resumed normal operations. Due to the policies implemented by China prior to 2022, the country reached the peak of the pandemic in the first half of 2023, at the tail end of the global pandemic, making the world's manufacturing hub slower to recover compared to other countries. However, just when the global display market thought it could breathe a sigh of relief, the impact of excessive production and a slowdown in consumer product demand—caused by the stay-at-home measures during the pandemic—created a dual adverse effect. This led to a rapid decline in demand for consumer products in the first half of the year, affecting smartphones, tablets, notebooks (NB), TVs, and even automotive backlight products. It wasn't until the second half of 2023 that channel inventory began to gradually clear, and the market started to recover moderately and slowly.

From an industry perspective, despite the slowdown in market demand, the LED industry continues to undergo rapid changes, especially in technology and market development trends, to meet the ever-changing consumer demands. The current industry trends are as follows:

(1) Higher Efficiency Products: LED technology is continuously advancing, and consumer demand for more efficient and energy-saving products is increasing. Therefore, future LED backlight products are likely to focus more on energy efficiency, offering better performance and lower energy consumption.

(2) Higher Quality Optical Performance: With rising expectations for visual display quality, LED backlight products are expected to enhance optical performance, including higher brightness, better color accuracy, and a wider color gamut.

(3) Smart and Connected Features: The rise of smart homes and the Internet of Things (IoT) has led to higher consumer demands for smart and connected products. LED backlight products may incorporate intelligent dimming, remote control, and connectivity with other devices to enhance user convenience.

(4) Thinner and Lighter Designs: As technology progresses, consumer preferences for thin and light designs have increased. LED backlight products may evolve to be thinner and lighter to meet consumer demands for portability and aesthetics.

(5) Sustainability and Eco-friendliness: Increasing environmental awareness has led to a higher preference for eco-friendly products. LED backlight products are likely to focus on sustainable materials and eco-friendly manufacturing processes to reduce environmental impact.

(6) Diverse Application Scenarios: LED backlight products are not only used in TVs and displays but are also widely applied in billboards, lighting, automotive lighting, and other areas. Future LED backlight products may play a more extensive role in various application scenarios to meet diverse needs.

Trends in Mini LED:

(1) Increased Size and Density: With continuous advancements in manufacturing processes, the size and density of Mini LEDs will improve, allowing displays to deliver higher resolutions and more refined image quality.

(2) Energy Efficiency and High Performance: Future Mini LED products will likely focus more on energy efficiency and high performance. By optimizing the structure of LED chips and circuit design, power consumption can be reduced, lifespan extended, and cost-efficiency improved.
(3) Smart Dimming and Display Quality: Mini LEDs provide more delicate local dimming effects. Future advancements may see the development of smarter dimming technologies, achieving more precise display quality and more realistic color reproduction.
(4) Flexibility and Elasticity: With the continuous maturation of flexible display technology, Mini LED products may evolve towards flexibility and elasticity, applicable to curved displays, wearable devices, and other scenarios.
(5) Integration and Modularization: Mini LED products may increasingly emphasize integrated and modular designs, reducing production costs, improving manufacturing efficiency, and meeting personalized customer demands.

Applications of Mini LED in the Market:
(1) Displays and TVs: Mini LED technology holds broad application prospects in the market for large-sized displays and high-end TVs, offering higher brightness, deeper contrast, and more realistic color representation.
(2) Smartphones and Tablets: Mini LED technology also holds potential applications in the smartphone and tablet market, delivering higher resolutions and finer image quality, enhancing the user experience.
(3) Automotive Display Systems: With the continuous development of automotive electronics, Mini LED technology has broad application prospects in automotive display systems, providing higher brightness and more reliable performance.
(4) Billboards and Indoor Lighting: Mini LED technology can also be applied to billboards and indoor lighting, offering brighter and more energy-efficient lighting solutions, thereby enhancing product competitiveness in the market.

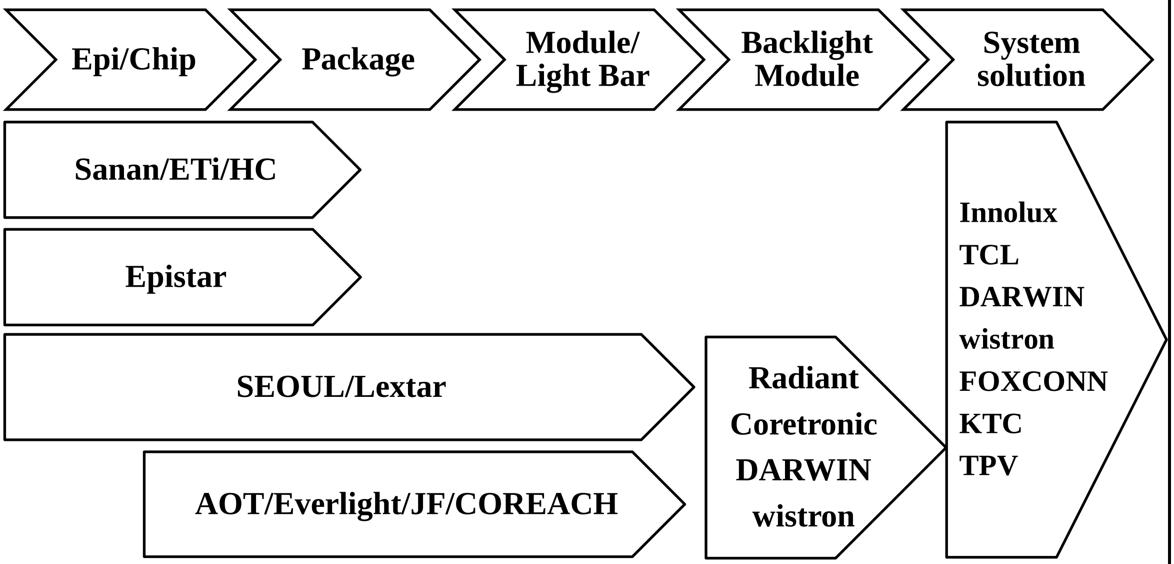
2.Correlation of up-stream, mid-stream and down-stream of industry

Taiwan's LED industry has developed for more than 20 years so far. The overall industry is divided into the upstream of single crystal and epi-wafer manufacturing, the mid-stream chip manufacturing, the downstream package industry, module factory and terminal application (see figure below).

LED Industry Chain

*Data Source: Compiled by the company

LED Backlight Industry Chain



*Data Source: Compiled by the company

Overall, the LED backlight industry chain is complete; there are many manufacturers for upstream LED chips/crystal grains, midstream LED packaging, and downstream modules as well as their design and manufacturing they all have various corresponding manufacturers. Hence, overall speaking, it has already entered a high state of competition.

3. Product development trends and competitions

The LED backlight market is still expected to grow in the future. With the increasing demand for high quality, high efficiency and environmental protection from consumers, the LED backlight technology will continue to be widely used. In addition, along with the technological progress of LCD and mobile phone products, the demand in the LED backlight market will also increase continuously. In the future, LED technology will also be widely used in many other fields, such as automotive, home lighting, and sensing. Therefore, the future development prospect of the LED market is very promising.

Micro LED is an advanced LED technology with the advantages of high brightness, high efficiency, low power consumption and long life cycle. Due to these advantages, Micro LED has been considered as an important direction of future display technology. As consumers' demands for high quality, high efficiency, and environmental protection continue to increase, the demand for Micro LEDs will also increase. In addition, with the advancement of technology and reduction of costs, the production and application of Micro LEDs will be widely promoted. Therefore, the Micro LED market is expected to maintain its rapid growth in the future.

Sensing products are a type of LED technology used in sensors and smart devices with the advantages of low power consumption, high precision, and reliability. Due to these advantages, sensing products have been considered as an important direction of the

Internet of Things and smart device technology. As consumers' demand for intelligence and network continue to increase, so too will the demands for sensors. In addition, with the advancement of technology and reduction of costs, the production and application of sensing LEDs will be widely promoted. Therefore, the sensor market is expected to achieve a rapid growth trend in the future.

The development trend of automotive lighting products is closely related to the development of the automobile industry. Although the demand in the automobile market in the first half of the year declined due to the impact of the repeated epidemics, with the support of the national purchase tax cut by half and the local government's policies to promote automobile consumption, the production and sales of vehicles have made significant recovery. The new energy vehicles have reached a record high, which has driven the increase in demand for automotive lighting products.

As one of the lighting technologies, LED has become one of the mainstream application technologies of automotive lighting due to the rising penetration rate in the automotive lamp market in recent years against the background of the rapid development of domestic new energy vehicles and the new four modernizations of vehicles. With the gradual recovery of the automobile market in the first half of the year, the demand for LED automotive lighting also bucked the trend and brought new performance growth momentum to the LED industry chain enterprises during the economic downturn. It has become one of the fastest growing emerging applications in the LED field.

(III) The company's technologies and its research and development status

1. R&D expenditures during the most recently year and 2024Q1.

Unit: NT$ thousand

Year / Item	2023(Consolidated)	2024Q1(Consolidated)
R&D expenditures	127,531	42,989
Net Revenue	1,972,624	508,787
Percentage of RD expenditure to Net Revenue (%)	6.47	8.45

2. Overview of Technologies and/or Products successfully developed

Year	Items of Technologies and/or Products successfully developed
2018	1. High energy-efficient streetlight solution. 2. High energy-efficient panel-light solution. 3. High performance high-bay lighting solution. 4. High contrast backlight light source solution. 5. Chip scale package solution for ultra-slim backlight unit. 6. Ultra-slim Mini-LED package solution. 7. Side view type (1403S) chip scale package solution for ultra-slim backlight unit. 8. Side view type (2604/2204) lead frame package solution for ultra-slim backlight unit. 9. High flux, high voltage LED component solution for direct type backlight unit. 10. High color gamut, edge emitting, multi-chip (a blue LED and a green LED) LED component solution.
2019	1. Ultra-small (0.6mm x 0.3mm) (0603S) LED component solution. 2. (0909)LED with lens solution for low optical distance (OD=6mm), direct type backlight unit. 3. Ultra-low power consumption (VF < 2.85) side view LED solution. 4. Mini-LED component solution for automotive direct type backlight unit. 5. High power, multi-chip LED component solution for car headlamp. 6. Infrared LED solution for fingerprint identification on display. 7. LED light sensor solution. 8. LED module solution for low pressure sodium replacement.
2020	1. High resolution 4K RGB LED display solution. 2. High color gamut, RGB multi-chip LED display module solution. 3. Mini-LED (optical distance < 1mm) backlight unit solution for virtual reality headset. 4. Proximity sensor and ambient light sensor for TWS/Mobile device. 5. LED component solution for automotive interior indicator. 6. Mini-LED component and module solution for automotive display backlight unit. 7. RGB LED module for display solution. 8. Reduced blue light LED component solution.

Year	Items of Technologies and/or Products successfully developed
2021	1. Easy disassembly Mini RGB LED display module solution. 2. High contrast, deep black LED backlight unit solution. 3. Mini-LED (optical distance=0) backlight unit solution. 4. Proximity sensor and ambient light sensor solution for TWS/mobile device. 5. LED component solution for automotive interior indicator and atmosphere light. 6. Mini-LED component solution for backlight unit. 7. High power, multi-chip LED component solution for car headlamp. 8. High dynamic range imaging controller and display module solution. 9. Super slim, edge emitting, multi-chip LED component solution. 10. Reduced blue light LED component solution for less damaging to the eye. 11. High energy-efficient, multi-chip, flip-chip LED package solution. 12. Infrared LED solution for fingerprint identification on display. 13. VCSEL solution for light sensor. 14. Car lighting module solution.
2022	1. Small size Mini-LED package solution. 2. High power, multi-chip LED component solution for automotive headlamp. 3. Super slim, edge emitting, multi-chip LED component solution. 4. LED package solution for automotive backlight unit. 5. High power, multi-chip, flip-chip LED package solution. 6. Infrared LED solution for full-screen fingerprint recognition system. 7. Direct Time-of-Flight (dToF) sensor solution. 8. LED module solution for automotive headlamp and rear light. 9. DFN package solution for Mini LED driver. 10. Small size, multi-LED package solution for wearable device.
2023	1. LED components and modules for AR glasses projection illumination. 2. LED components for HMD (Head Mounted Display). 3. LED components for HUD (Head-Up Display) for automotive applications. 4. Mini LED components and modules for automotive backlighting. 5. Small-sized, thin, and high-efficiency backlighting LED components. 6. High-efficiency side-lit TV backlighting LED components and modules. 7. High-efficiency direct-lit TV backlighting LED components and modules. 8. High-efficiency LED components for car indicators. 9. LED headlight components and modules for automotive applications. 10. LED taillight components and modules for automotive applications. 11. LED sidelight components and modules for automotive applications. 12. Thin, small-sized semiconductor packaging. 13. Minimization of Mobile Phones Following Successful Development of Digital Sensors
2024.Apr.	1. VR Display Modules and Local Dimming Algorithms 2. Customized High-Efficiency Projection Light Source Modules for AR Glasses 3. Ultra-Compact Projection Light Source Modules for Customized AR Glasses 4. Mini LED Modules and Local Dimming Algorithms 5. Dual-GaN (Gallium Nitride) High Color Rendering Mini LED Modules, Drive Circuits, and Local Dimming Algorithms

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

1. Short-term development plan

(1)Marketing strategy

A. Continue to develop new products to meet the comprehensive needs of customers, provide comprehensive after-sales service, and establish solid relationship with customers.

B. Target new application markets, actively collect market information, and explore new customers.

C. Introduce new technologies and products for backlight, sensing, and automotive applications to continue to expand market share.

D. Grow value-oriented customers, choose the timing of entry carefully, and seek higher return on investment.

(2)Production, R&D and product development direction

A. Raise capacity utilization and reduce costs.

B. Actively introduce and nurture R&D talents to extend technical fields and accelerate product development.

C. Develop products that meet the needs of customers and the market.

(3)Operational management policies

A. Stabilize the source of raw materials and strengthen supply chain management.

B. Strengthen the quality control system, continuously improve product quality, and improve customer service.

C. Make good use of the information management system to improve the Company's operating performance.

2.Long-term development plan

(1)Marketing strategy

A.Secure current major customers and expand product line collaboration.

B.Make optimal use of the Group's resources and establish strategic partnership.

C.To increase the depth of dealings in the regional market.

D.Target domestic and foreign brands and invest in new product development and customer development to build a complete marketing channel system.

E.Increase the dependence of suppliers/distributors on the Company.

(2)Production, R&D and product development direction

A.Integrate process management to improve production performance and yield.

B.Establish a close supply chain and long-term cooperative partnership with the upstream and midstream raw materials and equipment suppliers in the LED industry in Taiwan to enhance the overall competitiveness of the industry.

C.Continue to develop R&D talents and upgrade R&D technologies.

D.Expand product applications and develop new products and services ahead of the market.

(3)Operational management policies

A. Vertical integration of technology and manufacturing capabilities to provide customers with comprehensive services.

B. By raising funds in the domestic and foreign capital markets, the Company develops close relationship with domestic and foreign customers, and vertically integrates the supply chain to further build the corporate global territory and actively seize global market share.

II. Market and Sales Outlook

(I) Market Analysis

1. Major Products and Sales Areas

Unit: NT$ thousand

Area \ Year		2022(Consolidated)		2023(Consolidated)	
		Amount	%	Amount	%
Domestic Sales		131,747	5.47	81,187	4.12
External Sales	Asia	2,178,624	90.37	1,796,982	91.10
	America	83,902	3.48	85,049	4.31
	Africa	16,399	0.68	9,406	0.48
Total		2,410,672	100.00	1,972,624	100.00

Note: to classify according to the destination of goods.

2. Market share

The Company is principally engaged in the research, development, design, manufacturing and testing of surface mount device light emitting diodes (SMD LED), which belongs to the mid-stream LED packaging industry. At present, the Company's main competitors include Everlight, Liteon, Lextar and other more than 30 manufacturers. However, the Company plays a decisive role in the domestic LED packaging backlight application, and also actively enters the military vehicle lighting and sensing product application market which also reaps abundance.

3. Future market supply, demand, and growth

The LED market is expected to continue its growth trajectory in the future, with supply and demand conditions evolving over time. Here are some key trends regarding the supply and demand and growth potential of the LED market:

(1) Demand Growth: The scope of LED applications will continue to expand, including indoor lighting, outdoor lighting, automotive lighting, displays, consumer electronics, and other areas. As the demand for energy-efficient, environmentally friendly, and high- quality lighting increases, LEDs, as an efficient and eco-friendly lighting technology, will gain broader application.

(2) Technological Advances Driving Demand: Continuous innovation and advancements in LED technology will drive market demand growth. With the improvement in LED product performance, cost reduction, and increased functionality, consumer acceptance of LED products will further enhance, thus boosting market demand.

(3) Policy Support: Many countries and regions have introduced supportive policies for LED lighting, such as bans on the sale of traditional incandescent bulbs, subsidies for LED lighting products, or tax reduction policies. These policies will continue to drive the growth of the LED market.

(4) Cost Reduction: With the maturation of LED technology and the improvement of the industry chain, the manufacturing cost of LED products will further decrease. This will make LED lighting products more competitive and promote market demand growth.

(5) Emerging Application Markets: The demand for LEDs in some emerging application markets will also grow, such as smart lighting, agricultural lighting, and medical lighting. With technological advancements and market maturity, these emerging markets will become significant growth points for the LED market.

Sensor application markets and product strategies focus on the following high-growth application products, including consumer electronics, smart cabins, industrial and logistics automation, and biosignal detection. Additionally, as SWIR LED, VCSEL, and EEL technologies mature, more product market opportunities, technologies, and specifications will evolve towards human-machine interface communication applications. The global sensor market value forecast is expected to reach $105.89 billion in 2024, with a compound annual growth rate (CAGR) of 7.8% over five years, reaching $166.2 billion by 2029.

The global automotive lighting market size is projected to increase from $31.45 billion in 2021 to $42.14 billion in 2027, with the headlight market holding the largest share, estimated at around 67% of the total automotive lighting market in 2027. Analyzing the car market demand in 2023, despite the easing of inflation in Europe and the U.S., the global economy remains weak. Automakers are stimulating sales through price cuts, leading to a cycle of price competition in the overall car market, which also causes a significant drop in automotive LED prices and delays some automotive LED product plans. Advanced technologies such as Adaptive Driving Beam (ADB) headlights, Mini LED taillights, Full-Width Taillights, Logo Lamps, and (smart) ambient lights still have the potential to drive the automotive LED market size to $3.307 billion in 2023.

4. Competing in niche markets

(1) Experienced management team

The company's management team mostly comes from the upstream and the industry, with years of experience in the LED industry, and continues to cultivate R&D, manufacturing and other professional talents.

(2) Long-term customer relationship

The Company controls the domestic and foreign leading manufacturers of backlight, sensors, and automotive lighting, and works closely with customers from the early stage of product development. It is not easy for competitors to cut in.

(3) Accumulated manufacturing experience and internal management

Since the establishment of the Company in 1999, the Company has accumulated years of experience from upstream epitaxy to downstream packaging manufacturing, and has internally managed a systematic platform that can further improve the efficiency of production and operation management.

(4) Good supply chain management efficiency:
The raw material suppliers converged, and the material tracking is fast in response to the real-time needs of the customers. In addition, the sharing of raw materials in product design is high, and the customer needs can be responded immediately.

5. Favorable and unfavorable factors in the prospect of development and countermeasures

(1)Favorable factors:

A.It is difficult for competitors to grasp the customers of mobile phone, panel, and TV manufacturers.

B.Form long-term stable supply chain relationships with industry leaders to ensure that the Company's important raw materials are sourced without concern.

C.Outstanding R&D and project management teams continue to develop and manufacture high-quality products that meet customer needs.

D.New products (Mini LED, Micro LED, QD LED, automotive LED, and IR) have strong growth momentum for the future.

(2)Unfavorable factors:

A.The currency used for the quotation for sales is different from the quotation for purchase. In addition, the international foreign exchange market is highly volatile. There are potential risks in exchange rate fluctuations.

Response and countermeasures:

- The international landscape is changing drastically, causing exchange rates to rise and fall sharply. Therefore, it is necessary to pay attention to exchange rate movements and adjust product costs and selling prices in a timely manner.
- Adopt foreign currency hedging to avoid exchange rate risks.

B.Under the highly mature Chinese supply chain, the Company faces great pressure to reduce LED prices, resulting in great pressure for revenue growth and maintenance of gross profit margin.

Response and countermeasures:

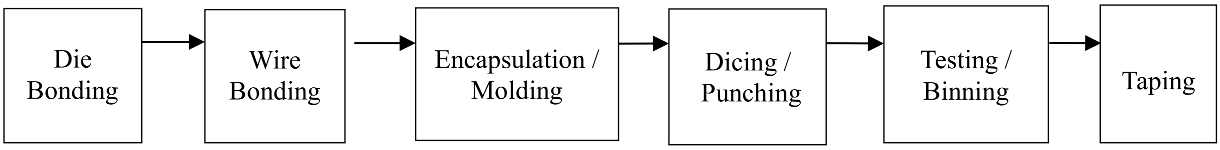
- Work with suppliers and customers to optimize production and sales and reduce stagnant inventory opportunities.
- To compete for value based on quality and technology.

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

1. Usage for the company's main products

Major products	Usage
LED back light solution	mobile phone, tablet computer, notebook, monitor, TV, IR.
LED automotive solution	headlights, tail lights, signal lamps, fog lamps, interior lamps, automotive display.
LED lighting solution	indoor lighting fixture, lamps, down light.
LED sensing solution	mobile phone, wearable devices.

2. Manufacturing processes for the company's main products.



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

Raw Materials	Supplier	Supply Situation
LED Chip	Epistar 、HC Semitek	In good condition
PCB 、Lead frame	CWTC 、DEREN 、I-CHIUN	In good condition
Encapsulate	DOIT 、TOPCO	In good condition
Phosphor	Sumitronics 、MITSUBISHI	In good condition

(IV) Major Suppliers and Clients

1. A list of any suppliers accounting for 10 percent or more of the company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NT$ thousand

	2022(Consolidated)				2023(Consolidated)				Up to March 31, 2024 (Consolidated)			
Item	Name	Amount	Percentage of annual net purchases(%)	Relationship with the issuer	Name	Amount	Percentage of annual net purchases(%)	Relationship with the issuer	Name	Amount	Percentage of net purchases up to 2023 Q1(%)	Relationship with the issuer
1	Supplier C	177,731	15.45	None	Supplier C	145,907	15.22	None	Supplier C	41,920	17.14	None
2	Supplier D	165,010	14.34	None	Supplier E	113,690	11.86	None	Supplier E	31,355	12.82	None
3	Supplier E	115,601	10.05	None	—	—	—	—	—	—	—	—
4	Others	692,294	60.17	—	—	699,147	72.92	—	—	171,346	70.05	—
	Net purchases	1,150,636	100.00	—	Net purchases	958,744	100.00	—	—	244,621	100.00	—

Explanations of the reason for increases or decreases: Due to the change of product portfolio.

2. A list of any clients accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years, the amounts sold to each, the percentage of total sales accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Unit: NT$ thousand

	2022(Consolidated)				2023(Consolidated)				Up to March 31, 2024 (Consolidated)			
Item	Name	Amount	Percentage of annual net sales(%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales(%)	Relationship with the issuer	Name	Amount	Percentage of net sales to 2023Q1(%)	Relationship with the issuer
1	Client VI	661,558	27.44	None	Client VI	482,171	24.44	None	Client VI	98,707	19.40	None
2	Client II	314,171	13.03	None	Client III	206,684	10.48	None	Client II	81,977	16.11	None
3	Client III	263,114	10.91	None	Client II	192,321	9.75	None	Client III	22,290	4.38	None
4	Others	1,171,829	48.61	—	Others	1,091,448	55.33	—	Others	305,813	60.11	—
	Net sales	2,410,672	100.00	—	Net sales	1,972,624	100.00	—	Net sales	508,787	100.00	—

Explanations of the reason for increases or decreases: Due to the change of customers' demand

3. Financial and Business Transactions Among Related Parties (Approved by the Board of Directors on March 12, 2024).
   3.1. Handled in accordance with Article 10 of the Company's 'Operational Procedures for Financial and Business Transactions Among Related Parties.

3.2 Actual transaction results: Did not exceed the thresholds approved by the Board of Directors.

(1)Sales

Unit: NT$ thousand

Counterparty		Foxconn	Sharp(Nanjing)
Transaction Item		LED and Materials	LED Strips
Principles for Calculating Transaction Price	Board Approval	Unless there are no comparable transactions available, the transaction terms are mutually agreed upon by both parties. For all other transactions, the prices at which our group sells to the aforementioned related parties are similar to the prices for regular customers. The payment terms for related parties are generally within 90 to 120 days after the end of the sales month, while for regular customers, the payment terms range from 30 to 120 days after the end of the sales month.	
	Actual Transaction	1. Transaction Price: For products with the same or similar specifications, the transaction prices are comparable. 2. Transaction Terms: Payment is due 120 days after the end of the month.	1. Transaction Price: For products with the same or similar specifications, the transaction prices are comparable. 2. Transaction Terms: Payment is due 90 days after the end of the month.
	Results	Same	Same
Transaction Amount	Board Approval Limit	234,530	116,000
	Actual Transaction Amount	206,683	112,616
	Results	Within limit	Within limit

(2) Accounts Receivable

Unit: NT$ thousand

Counterparty		Foxconn	Sharp(Nanjing)
Transaction Amount	Board Approval Limit	234,530	84,693
	Actual Transaction Amount	72,038	41,687
	Results	Within limit	Within limit

(V) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: thousand pcs; NT$ thousand

Output / Fiscal Year / Major Products	2022			2023		
	Production Capacity	Production volume	Production Value	Production Capacity	Production volume	Production Value
SMD LED (self-made)	4,500,000	2,507,362	2,179,541	3,600,000	2,305,780	1,699,715
SMD LED (commodity)	–	–	–	–	–	–
Total	4,500,000	2,507,362	2,179,541	3,600,000	2,305,780	1,699,715

NOTE: Due to the different classification of LED commodity, the related data will not show in the list.

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: thousand pcs; NT$ thousand

Year / Sales / Major Products	2022(Consolidated)				2023(Consolidated)			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
SMD LED (self-made)	207,577	126,984	2,498,159	2,027,741	79,958	75,411	2,373,465	1,697,562
SMD LED (commodity)	36	3,139	3,835	252,433	1233	4,964	4,806	193,442
Other	2,952	1,624	1	(1,249)	1,791	812	3,491	433
Total	210,565	131,747	2,501,995	2,278,925	82,982	81,187	2,381,762	1,891,437

III. Employee Statistics for the Most Recent 2 Fiscal Years up to the Annual Report Publication Date

Fiscal Year		2022	2023	Current year to May 13,2024
Number of Employees	Production Dept.	619	544	536
	R&D Dept.	66	83	88
	Sales Dept.	40	39	37
	Management Dept.	108	96	104
	Total	833	762	765
Average Age		40.83	41.50	41.60
Average Years of Service		8.43	8.70	8.80
Education	PhD	0.48%	0.39%	0.26%
	Master's degree	10.20%	10.89%	11.50%
	College	57.99%	54.45%	58.96%
	Senior High School	28.69%	26.51%	26.67%
	Below Senior High School	2.64%	2.76%	2.61%

IV. Disbursements for Environmental Protection

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor Relations:

(I) The Company's various employee welfare measures, continuing education, training, retirement systems and their implementation, as well as agreements between labor and management and various employee rights protection measures:

1. Employee Welfare Measures:

(1)Welfare measures provided by the company: Labor and health insurance, group insurance, business travel insurance, and year-end bonus.

(2)Employee Welfare Committee: The Company has established the Employee Welfare Committee in accordance with the Employee Welfare Fund Regulations to coordinate various employee welfare activities, promote the establishment of clubs, and provide subsidies for employee welfare. Formulate budgets and welfare plans every year. In addition to subsidizing employees' marriage, funeral, illness, and childbirth, there are also birthday and New Year bonuses. Various activities are held regularly to adjust employees' mind and body and strengthen employees' cross-departmental relationship of friendship.

2. Continuing Education and Training:

(1)Provide newcomers with education and training to help newcomers understand the working environment and related rules and regulations as soon as possible.

(2)Formulate the license management system and related measures. Employees must complete relevant training and pass the certification exam before they can operate the production machines independently.

(3)According to the Employee Education and Training Management Regulations, the Company organizes various professional training on engineering and quality control to ensure employees' professional competence in performing duties.

(4)Organize managerial training according to the level of management (basic, middle, and senior) to assist and strengthen their organizational management skills.

(5)Organize work ability and skill improvement courses to cultivate employees' improvement of work efficiency and self-management ability.

(6)Employees may apply for external training according to their needs, so as to understand market trends and the latest knowledge and technology, in order to improve work ability.

3. Employee retirement system and implementation:

(1) Old system: The Company established the "Organization Charter Governing the Labor Pension Reserve Supervisory Committee" in accordance with the Labor Standards Act. According to this, employees who started to work before June 30, 2005 are entitled to the old retirement system or the new system. 2% of the monthly salary is appropriated to a special account in Taiwan bank under the old system pension fund, and is supervised and managed by the Company's "Labor Pension Reserve Supervisory Committee." In October 2022, it was approved by the employer and the employee at the Supervisory Committee to settle the old pensions in accordance with Paragraph 3, Article 11 of the Labor Pension Act. The pension is paid out of the dedicated pension fund account at the Bank of Taiwan after approval by the Company’s labor affairs competent authority in Hsinchu County’s labor division. And the remaining funds in the labor retirement preparation account were approved for withdrawal by the competent authority in May 2023.

(2) New system: For the employees who started to work on July 1, 2005, and the

employees who were originally applicable to the old system and have opted to join the new system, the Company allocates 6% of their total salaries into the pension fund on a monthly basis in accordance with the "Labor Pension Act."

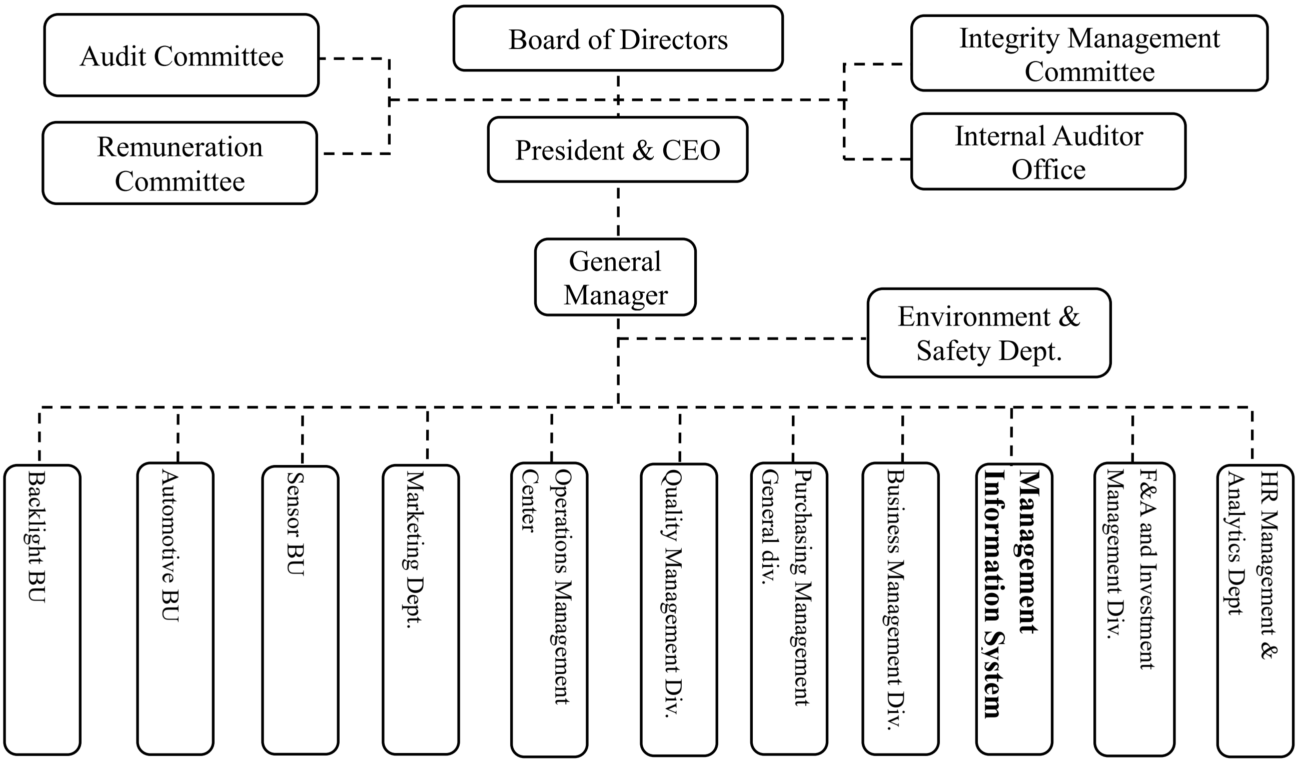
4. Agreements between employers and employees, and protection of employees' rights:
   The Company upholds the concept of "integration of labor and management," emphasizes rational and personalized management, establishes smooth communication channels, and maintains good labor-management relations to jointly create productivity, share profits and establish stable and harmonious labor-management relations. Therefore, in the most recent year and as of the annual report publication date, no major labor dispute had occurred.

(II) Losses incurred as a result of labor-management disputes in the most recent two years and as of the annual report publication date (including labor inspection results showing violations of items in Labor Standards Act. These matters should be listed with punishment date, reference number, articles of regulations violated, article contents and punishment details). The Company shall also disclose estimated amount that might incur at present and in the future, and their countermeasures. If unable to give a reasonable estimation, provide an explanation of the facts for not being able to provide a reasonable estimation: None.

VI. Cyber Security Management

(I) Cyber security risk management

1. Cyber security risk management framework:



The Company has appointed " Management Information System Div." under the General Manager. Its duties are mainly responsible for cyber security and risk management, design the cyber security management system, and provide real-time decision support systems and management information in line with the Company's business strategies and models.

2. Cyber security policy:

The Company is committed to protecting the Company's confidential information. It is the Company's commitment to an alert cyber security that the Company makes to customers, employees and all shareholders. We know that cyber security will significantly affect the Company's current and future competitive advantages. For proper control of the Company’s cyber security, the Company continues to strengthen the protection of confidential information, and raise employees' correct concept and alertness towards the cyber security of confidential information, thereby reducing the risk of leakage of confidential information to ensure the best interests of the Company, shareholders, employees, customers and suppliers.

3. Specific management plans and resources invested in cyber security:

(1) Prevention of Hacking/Internet Attacks

The Company has already formulated the cyber security management policy and established the basic network and computer security protection system to control or maintain the Company's manufacturing operations and other important corporate functions. Appropriate next generation firewalls and highly usable main server backup system have been installed, along with implementation of complete information backup and offsite media storage has been done. Major system backup practice drill has also been conducted. This is to ensure the normal operation of the information system and data protection to lower the risk of system interruption from natural hazards and human errors.

(2) Education and publicity

Educate employees on information security concepts through the "Startup Advocacy Platform" and the "Reposting of TWCC/CERT Cybersecurity Information Bulletin." Utilize professional vendors' big data collection and analysis mechanisms to reduce external malicious attack emails and minimize the risk of phishing threats.

(3) Legitimate/legal software

Policy and Practice of Using Genuine/Legal Software: Employees are prohibited from installing software on their own. The use of asset scanning tools provides real-time monitoring of software installations to prevent the installation of illegal software and avoid violations of copyright laws.

(4) Encryption and protection of documents

Document security and encryption are used to protect important and sensitive information within the Company and prevent unauthorized leakage of sensitive documents.

(5) Education and training for cyber security personnel

A dedicated Information Security Department has been established. To enhance the professional capabilities of the information security personnel, in the year 2023, a total of 6 cybersecurity staff participated in external training courses. The total training hours amounted to 122 hours over 25 sessions. This includes the Information Security Manager obtaining the ISO 27001:2022 Lead Auditor certification for Information Security Management Systems.

(II) Losses suffered and possible impacts as a result of material cyber security incidents in the last year up till the publication date of this annual report, if it is impossible to estimate the possible impacts of such incidents and the countermeasures, provide a statement for the reason(s): None.

VII. Material Contract

Nature of the contract	The Parties	Contract start and end dates	Main content	Restriction clauses
Patent licensing contract	GE Lighting Solutions LLC.	2023/1/1 to 2032/12/31	The Company is authorized to use KSF red phosphor powder related patents for backlight products in the global market.	None
Patent licensing contract	Cree, Inc.	Signed a contract on December 1, 2019 Confidentiality during the effective period of the contract	The Company was authorized to use Cree's global patents for the backlight purpose for packaging products and applications.	None

Section Six - Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby

(I) Condensed Balance Sheets and Statement of Comprehensive Income

1. Condensed Balance Sheets

(1) Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year		Financial Summary for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		2,964,756	3,176,306	3,045,009	2,098,640	2,204,254	2,123,306
Property, Plant and Equipment		1,047,733	1,009,647	914,968	824,517	701,929	696,461
Intangible assets		73,752	49,040	34,158	8,987	114,793	104,550
Other assets		279,210	388,767	254,390	287,894	335,509	370,260
Total assets		4,365,451	4,623,760	4,248,525	3,220,038	3,356,485	3,294,577
Current liabilities	Before distribution	1,677,600	1,961,020	1,455,392	651,987	689,624	664,516
	After distribution	1,677,600	1,961,020	1,520,439	651,987	Not distributed yet	Not distributed ye
Non-current liabilities		41,969	22,955	4,092	28,430	81,074	71,940
Total liabilities	Before distribution	1,719,569	1,983,975	1,459,484	680,417	770,698	736,456
	After distribution	1,719,569	1,983,975	1,524,531	680,417	Not distributed yet	Not distributed ye
Equity attributable to owners of the parent company		2,645,882	2,639,785	2,789,041	2,513,705	2,479,493	2,465,305
Share capital		1,445,480	1,445,480	1,445,480	1,445,480	1,445,480	1,445,480
Capital surplus		942,365	953,341	953,223	954,265	956,609	956,721
Retained earnings	Before distribution	303,863	176,103	370,561	168,696	69,665	26325
	After distribution	303,863	176,103	305,514	168,696	Not distributed yet	Not distributed ye
Other equity		(45,826)	64,861	19,777	(54,736)	7,739	36,779
Treasury shares		0	0	0	0	0	0
Non-controlling interests		0	0	0	25,916	106,294	92,816
Total equity	Before distribution	2,645,882	2,639,785	2,789,041	2,539,621	2,585,787	2,558,121
	After distribution	2,645,882	2,639,785	2,723,994	2,539,621	Not distributed yet	Not distributed ye

Note 1: Financial report for most recent 5 years were audited and certified by CPAs.

Note 2: CPAs have reviewed the 2024 Q1 financial statements.

(2) Parent Company Only Financial Statements

Unit: NT$ thousand

Item \ Year		Financial Summary for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		2,752,850	2,975,300	2,831,289	1,887,438	1,893,892	Not applicable
Property, Plant and Equipment		1,043,158	1,006,646	907,089	807,252	688,205	Not applicable
Intangible assets		73,752	49,040	34,158	8,987	114,793	Not applicable
Other assets		366,070	483,114	305,911	359,941	444,085	Not applicable
Total assets		4,235,830	4,514,100	4,078,447	3,063,618	3,140,975	Not applicable
Current liabilities	Before distribution	1,548,965	1,851,360	1,285,931	543,877	608,008	Not applicable
	After distribution	1,548,965	1,851,360	1,350,978	543,877	Not distributed yet	Not applicable
Non-current liabilities		40,983	22,955	3,475	6,036	53,474	Not applicable
Total liabilities	Before distribution	1,589,948	1,874,315	1,289,406	549,913	661,482	Not applicable
	After distribution	1,589,948	1,874,315	1,354,453	549,913	Not distributed yet	Not applicable
Equity attributable to owners of the parent company		—	—	—	—	—	Not applicable
Share capital		1,445,480	1,445,480	1,445,480	1,445,480	1,445,480	Not applicable
Capital surplus		942,365	953,341	953,223	954,265	956,609	Not applicable
Retained earnings	Before distribution	303,863	176,103	370,561	168,696	69,665	Not applicable
	After distribution	303,863	176,103	305,514	168,696	Not distributed yet	Not applicable
Other equity		(45,826)	64,861	19,777	(54,736)	7,739	Not applicable
Treasury shares		—	—	—	—	—	Not applicable
Non-controlling interests		—	—	—	—	—	Not applicable
Total equity	Before distribution	2,645,882	2,639,785	2,789,041	2,513,705	2,479,493	Not applicable
	After distribution	2,645,882	2,639,785	2,723,994	2,513,705	Not distributed yet	Not applicable

Note 1: Financial report for most recent 5 years were audited and certified by CPAs.

2. Condensed Statements of Comprehensive Income

(1) Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year	Financial Summary for Most Recent 5 Fiscal Years (Note 1)					As of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenues	4,037,141	5,478,884	4,396,109	2,410,672	1,972,624	508,787
Gross profit	356,091	381,694	622,121	307,368	382,601	85,191
Operating income	(171,061)	(106,663)	61,118	(172,812)	(165,762)	(75,522)
Non-operating income and expenses	(38,473)	8,635	45,795	31,738	27,561	18,101
Profit before income tax	(209,534)	(98,028)	106,913	(141,074)	(138,201)	(57,421)
Net income for the period from continuing operations	(207,225)	(110,627)	88,311	(142,246)	(147,622)	(57,392)
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the period	(207,225)	(110,627)	88,311	(142,246)	(147,622)	(57,392)
Other comprehensive income (loss) for the period (net of Income Tax)	(10,081)	111,898	61,063	(70,003)	63,788	29,614
Total comprehensive income for the period	(217,306)	1,271	149,374	(212,249)	(83,834)	(27,778)
Net income attributable to owners of parent	(207,225)	(110,627)	88,311	(141,204)	(101,333)	(43,340)
Net income (loss) attributable to non-controlling interests	0	0	0	(1,042)	(46,289)	(14,052)
Comprehensive income attributable to owners of parent	(217,306)	1,271	149,374	(211,207)	(36,556)	(14,300)
Comprehensive income attributable to non-controlling interests	0	0	0	(1,042)	(47,278)	(13,478)
Earnings per share (NTD)	(1.43)	(0.77)	0.61	(0.98)	(0.70)	(0.30)

Note 1: Financial report in the most recently years were audited and certified by CPAs.

Note 2: CPAs have reviewed the 2024 Q1 financial statements.

(2) Parent Company Only Financial Statements

Unit: NT$ thousand

Item \ Year	Financial Summary for Most Recent 5 Fiscal Years (Note1)					As of March 31, 2024
	2019	2020	2021	2022	2023	
Operating revenues	3,761,933	5,225,770	4,159,857	2,186,918	1,879,310	Not applicable
Gross profit	266,251	343,215	558,352	243,055	349,726	Not applicable
Operating income	(189,592)	(104,607)	66,174	(162,411)	(66,403)	Not applicable
Non-operating income and expenses	(25,406)	6,562	40,739	21,314	(25,969)	Not applicable
Profit before income tax	(214,998)	(98,045)	106,913	(141,097)	(92,372)	Not applicable
Net income for the period from continuing operations	(207,225)	(110,627)	88,311	(141,204)	(101,333)	Not applicable
Loss from discontinued operations	0	0	0	0	0	Not applicable
Net income (loss) for the period	(207,225)	(110,627)	88,311	(141,204)	(101,333)	Not applicable
Other comprehensive income (loss) for the period(net of income tax)	(10,081)	111,898	61,063	(70,003)	64,777	Not applicable
Total comprehensive income(loss) for the period	(217,306)	1,271	149,374	(211,207)	(36,556)	Not applicable
Earnings per share (NTD)	(1.43)	(0.77)	0.61	(0.98)	(0.70)	Not applicable

Note 1: Financial report in the most recently five years were audited and certified by CPAs.

(II) Name of CPAs and Audit Opinions for Most Recent 5 Fiscal Years

Year	Accounting Company	CPAs	Auditing Opinions
2019	PricewaterhouseCoopers	Ueng, Shyh-Rong & Chang, Shu-Chiung	Unqualified Opinions
2020	PricewaterhouseCoopers	Ueng, Shyh-Rong & Chang, Shu-Chiung	Unqualified Opinions
2021	PricewaterhouseCoopers	Chang, Shu-Chiung & Lin, Chun-Yao	Unqualified Opinions
2022	PricewaterhouseCoopers	Lin, Po-Chuan & Chang, Shu-Chiung	Unqualified Opinions
2023	PricewaterhouseCoopers	Lin, Po-Chuan & Chang, Shu-Chiung	Unqualified Opinions

II. Financial Analysis for the most recently 5 fiscal years

(I) Consolidated Financial Statements

Item (Note 2) \ Year (Note 1)		Financial Analysis for Most Recent 5 Fiscal Years					As of March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	39.39	42.91	34.35	21.13	22.96	22.35
	Ratio of long-term capital to property, plant and equipment	256.54	263.73	305.27	311.46	379.93	377.63
Solvency (%)	Current ratio	176.73	161.97	209.22	321.88	319.63	319.53
	Quick ratio	148.73	142.57	186.13	294.70	290.43	290.11
	Times interest earned	(41)	(14)	38	(39)	(21.87)	(34.89)
Operating performance	Accounts receivable turnover (times)	2.63	3.36	2.97	2.76	3.68	3.55
	Average collection days	138.78	108.63	122.90	132.24	99.18	102.82
	Inventory turnover (times)	7.78	10.97	8.78	6.26	6.32	7.49
	Accounts payable turnover (times)	3.46	5.00	3.61	3.12	4.54	4.74
	Average days in sales	46.92	33.27	41.57	58.30	57.75	48.73
	Property, plant and equipment turnover (times)	3.76	5.33	4.57	2.77	2.58	2.91
	Total assets turnover (times)	0.87	1.22	0.99	0.65	0.60	0.61
Profitability	Return on total assets (%)	(4.37)	(2.35)	2.04	(3.73)	(4.34)	(1.69)
	Return on equity (%)	(7.53)	(4.19)	3.25	(5.34)	(5.76)	(2.23)
	Ratio of income before tax to paid-in capital (%)(Note 7)	(14.50)	(6.78)	7.40	(9.76)	(9.56)	(3.97)
	Net profit margin (%)	(5.13)	(2.02)	2.01	(5.90)	(7.48)	(2.82)
	Earnings per share (NT$)	(1.43)	(0.77)	0.61	(0.98)	(0.70)	(0.30)
Cash flow	Cash flow ratio (%)	(24.74)	3.65	48.06	41.44	0.14	2.96
	Cash flow adequacy ratio (%)	26.62	8.43	53.19	61.63	80.56	178.01
	Cash reinvestment ratio (%)	(7.93)	1.46	13.83	4.17	0.02	0.38
Leverage	Operating leverage	(9.34)	(2.26)	8.42	(0.75)	(0.89)	(0.60)
	Financial leverage	0.97	0.94	1.05	0.98	0.96	0.98

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Ratio of long-term capital to property, plant and equipment: Mainly due to an increase in equity and non-current liabilities.
2. Times interest earned: Mainly due to a decrease in losses in the fiscal year 2023.
3. Accounts receivable turnover (times), Average collection days: Mainly due to aggressive collection efforts.
4. Accounts payable turnover (times): Mainly due to changes in the purchasing mix.
5. Net profit margin (%),Earnings per share (NT$): Mainly due to a decrease in losses in the fiscal year 2023.
6. Cash flow ratio (%): Mainly due to a decrease in net cash inflows from operating activities in the fiscal year 2023.
7. Cash flow adequacy ratio (%): Mainly due to a decrease in net cash outflows from investing and financing activities in the fiscal year 2023.
8. Cash reinvestment ratio (%): Mainly due to a decrease in net cash inflows from operating activities in the fiscal year 2023.

(II) Parent Company Only Financial Statements

Item (Note 2) \ Year (Note 1)		Financial Analysis for Most Recent 5 Fiscal Years					As of March 31, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	37.54	41.52	31.62	17.95	21.06	Not applicable
	Ratio of long-term capital to property, plant and equipment	257.57	264.52	307.85	312.14	368.05	Not applicable
Solvency (%)	Current ratio	177.72	160.71	220.17	347.03	311.49	Not applicable
	Quick ratio	151.48	143.91	199.50	319.75	284.47	Not applicable
	Times interest earned	(42)	(14)	38	(43)	(17.62)	Not applicable
Operating performance	Accounts receivable turnover (times)	2.42	3.11	2.78	2.54	3.46	Not applicable
	Average collection days	150.62	117.39	131.28	143.61	105.49	Not applicable
	Inventory turnover (times)	8.42	12.08	9.81	6.80	7.10	Not applicable
	Accounts payable turnover (times)	3.28	4.86	3.69	3.28	4.78	Not applicable
	Average days in sales	43.36	30.21	37.22	53.66	51.41	Not applicable
	Property, plant and equipment turnover (times)	3.52	5.10	4.35	2.55	2.51	Not applicable
	Total assets turnover (times)	0.84	1.19	0.97	0.61	0.61	Not applicable
Profitability	Return on total assets (%)	(4.52)	(2.41)	2.11	(3.88)	(3.14)	Not applicable
	Return on equity (%)	(7.53)	(4.19)	3.25	(5.33)	(4.06)	Not applicable
	Ratio of income before tax to paid-in capital (%)(Note 7)	(14.87)	(6.78)	7.40	(9.76)	(6.39)	Not applicable
	Net profit margin (%)	(5.51)	(2.12)	2.12	(6.46)	(5.39)	Not applicable
	Earnings per share (NT$)	(1.43)	(0.77)	0.61	(0.98)	(0.70)	Not applicable
Cash flow	Cash flow ratio (%)	(27.95)	2.67	58.12	48.25	15.24	Not applicable

Item (Note 2) \ Year (Note 1)		Financial Analysis for Most Recent 5 Fiscal Years					As of March 31, 2024
		2019	2020	2021	2022	2023	
	Cash flow adequacy ratio (%)	26.23	11.43	51.65	58.68	99.68	Not applicable
	Cash reinvestment ratio (%)	(8.31)	1.02	14.86	4.09	1.86	Not applicable
Leverage	Operating leverage	(8.21)	(6.69)	12.84	(1.89)	(4.94)	Not applicable
	Financial leverage	0.97	0.94	1.05	0.98	0.93	Not applicable

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Times interest earned: Mainly due to the reduction in losses for the year 2023.
2. Accounts receivable turnover (times), Average collection days: Mainly due to active payment collection efforts.
3. Accounts payable turnover (times): Mainly due to changes in the purchase mix.
4. Return on equity (%),Ratio of income before tax to paid-in capital (%),Earnings per share (NT$): Mainly due to the reduction in losses for the year 2023.
5. Cash flow ratio (%): Mainly due to a decrease in net cash flow from operating activities for the year 2023.
6. Cash flow adequacy ratio (%): Mainly due to a decrease in net cash outflow from investing and financing activities for the year 2023.
7. Cash reinvestment ratio (%): Mainly due to a decrease in net cash flow from operating activities for the year 2023.
8. Operating leverage: Mainly due to the reduction in operating net loss for the year 2023.

Note 1: Financial report in the most recent five years were audited and certified by CPAs.

Note 2: The formulas of the above table are as follows:

1. Financial Structure analysis
   (1) Debt to assets ratio = Total Liabilities / Total Assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net
2. Liquidity analysis
   (1) Current ratio＝Current assets / Current liability
   (2) Quick ratio＝(Current Assets - Inventories - Prepaid expenses) / Current liability
   (3) Times interest earned＝Profit Before Credit for Income Tax / Current interest expense
3. Operating performance analysis
   (1) Accounts receivable turnover(Including Accounts Receivable and Notes Receivable from operation) = Sales /Average trade receivables
   (2) Average collection days = 365 / Average collection turnover
   (3) Inventory turnover = Cost of goods sold / Average inventories
   (4) Accounts payable turnover (Including Accounts Payable and Notes Payable from operation) =operating costs / Average trade payables
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Sales / Average property, plant and equipment, net
   (7) Total assets turnover = Sales / Average total assets
4. Return on investment analysis
   (1) Return on total assets = [Profit + Interest expense X (1 - Tax rate)] / Average assets
   (2) Return on equity = Profit / Average total Equity
   (3) Net profit margin = Profit / Sales
   (4) Earnings per share = (Equity attributable to owners of parent - Dividend-preferred stock) / Weighted average outstanding shares (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash provided by operating activities / Current liability
   (2) Cash flow adequacy ratio = 5-year net cash provided by operating activities / 5-year (Capital expense +Increase in inventories + Cash dividend)
   (3) Cash reinvestment ratio = (Net cash provided by operating activities - Cash dividend) - (Property, plant and equipment, net + Long-term investments + Other non-current assets + Operating Capital) (Note 5)

6. Leverage
(1) Operating Leverage= (Net sales – Variable cost) / Operating income (Note 6)
(2) Financial leverage = Operating income / (Operating income – Interest expenses)

Note 3: CPAs have reviewed the 2024 Q1 financial statements.

Note 4: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 5: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 7: In the case of a company whose shares have no par value or have a par value other than NT$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

III. Audit Committee's Report for the most recent year's financial statement.

Advanced Optoelectronic Technology Inc.

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2023 business report, financial statements and the proposal for deficit compensation. CPA Lin, Po-Chuan and Chang, Shu-Chiung of Pricewaterhousecoopers have audited the financial statements and expressed unqualified opinions. The business report, financial statements and the proposal for deficit compensation have been reviewed by the Audit Committee and no irregularities are found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To

Annual General Shareholders’ Meeting of the Company in 2024

Advanced Optoelectronic Technology Inc

Chairman of the Audit Committee: Liu, Shi-Heh

May 9, 2024

IV. Financial statements for the most recent fiscal year, including an auditor's report prepared by CPAs: Please refer to page 139 to 213.

V. A parent company only financial statements for the most recent fiscal year, certified by CPAs: Please refer to page 214 to 281.

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

Section Seven - Review and analysis of the financial position, the financial performance, and the risk assessment.

I. Financial Position

(I) Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	1,383,056	43	1,388,432	42	5,376	0
Financial assets at fair value through profit or loss, current	3,980	0	5,670	-	1,690	42
Contract assets, current	1,171	0	0	-	(1,171)	100
Notes receivable, net	25,179	1	9,619	-	(15,560)	(62)
Accounts receivable, net	330,420	10	439,951	13	109,531	33
Accounts receivable-related parties, net	122,924	4	133,332	4	10,408	8
Other receivables	54,459	2	24,657	1	(29,802)	(55)
Current income tax assets	562	0	1,694	-	1,132	201
Inventories	163,734	5	178,789	5	15,055	9
Prepayments	12,922	0	20,928	1	8,006	62
Other assets, current	233	0	1,182	-	949	407
Total current assets	2,098,640	65	2,204,254	66	105,614	5
Financial assets at fair value through other comprehensive income, noncurrent	140,932	4	205,954	6	65,022	46
Investments under equity method	5,554	0	6,222	0	668	12
Property, plant and equipment	824,517	26	701,929	21	(122,588)	(15)
Right-of-use assets	34,309	1	41,244	1	6,935	20
Intangible assets	8,987	0	114,793	4	105,806	1,177
Deferred income tax assets	80,825	3	76,617	2	(4,208)	(5)
Net defined benefit asset, noncurrent	20,757	1	0	0	(20,757)	(100)
Other assets, noncurrent	5,517	0	5,472	0	(45)	(1)
Total non-current assets	1,121,398	35	1,152,231	34	30,833	3
Total assets	3,220,038	100	3,356,485	100	136,447	4

Item \ Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Short-term loans	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss, current	1,714	0	1,161	0	(553)	(32)
Contract liabilities, current	112	0	0	0	(112)	(100)
Accounts payable	331,828	10	359,793	11	27,965	8
Accounts payable-related parties	4,256	0	4,239	0	(17)	(0)
Other payables	248,566	8	287,695	9	39,129	16
Other payables-related parties	6,913	0	2,865	0	(4,048)	(59)
Current income tax liabilities	979	0	0	0	(979)	(100)
Lease liabilities, current	10,922	0	18,281	1	7,359	67
Other liabilities, current	46,697	2	15,590	0	(31,107)	(67)
Total current liabilities	651,987	20	689,624	21	37,637	6
Deferred income tax liabilities	4,604	0	7,055	0	2,451	53
Lease liabilities, noncurrent	23,826	1	27,962	1	4,136	17
Long-term notes and accounts payable	0	0	46,057	1	46,057	100
Total non-current liabilities	28,430	1	81,074	2	52,644	185
Total liabilities	680,417	21	770,698	23	90,281	13
Common stock share capital	1,445,480	45	1,445,480	43	0	0
Capital Surplus	954,265	29	956,609	28	2,344	0
Legal reserves	195,549	6	168,696	5	(26,853)	(14)
Special reserves	0	0	0	0	0	0
Unappropriated earnings (Deficit for compensation)	(26,853)	(1)	(99,031)	(3)	(72,178)	269
Other equity	(54,736)	(1)	7,739	1	62,475	(114)
Total equity attributable to the owners of the parent company	2,513,705	78	2,479,493	74	(34,212)	(1)
Non-controlling equity	25,916	1	106,294	3	80,378	310
Total equity	2,539,621	79	2,585,787	77	46,166	2

Item / Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Total liabilities and equity	3,220,038	100	3,356,485	100	136,447	4

Changes that exceed 20% and over NT$10 million and explanation for those changes:

1. Notes receivable, net: Primarily due to the increase in acceptance of notes receivable in 2023.
2. Accounts receivable, net: Primarily due to the increase in revenue in Q4 2023 compared to Q4 2022.
3. Other receivables: Primarily due to the recovery of product development funds.
4. Financial assets at fair value through other comprehensive income, noncurrent: Primarily due to the increase in the fair value of equity instruments held.
5. Intangible assets: Primarily due to the addition of a new phosphor rights licensing agreement.
6. Net defined benefit asset, noncurrent: Primarily due to the settlement of all defined benefit retirement liabilities and the recovery of surplus funds in 2023.
7. Lease liabilities, current: Primarily due to the settlement of collected and paid amounts.
8. Long-term notes and accounts payable: Primarily due to the addition of payable rights licensing fees for phosphor.
9. Unappropriated earnings (Deficit for compensation): Primarily due to losses incurred in 2023.
10. Other equity: Primarily due to the increase in the fair value of equity instruments held.
11. Non-controlling equity: Primarily due to a cash capital increase by a subsidiary that is not 100% owned in 2023.
12. The above variations are part of normal business activities and have no significant impact on the financial condition.

(II) Parent Company Only Financial Statements

Unit: NT$ thousand

Item / Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	1,215,940	40	1,107,702	35	(108,238)	(9)
Financial assets at fair value through profit or loss, current	3,980	0	5,670	0	1,690	42
Contract assets, current	0	0	0	0	0	0
Accounts receivable, net	242,191	8	346,263	11	104,072	43
Accounts receivable-related parties, net	248,489	8	241,945	8	(6,544)	(3)
Other receivables	28,217	1	27,714	1	(503)	(2)
Current income tax assets	562	0	1,624	0	1,062	189
Inventories	140,865	5	148,500	5	7,635	5

Item \ Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Prepayments	6,961	0	14,191	0	7,230	104
Other financial assets, current	0	0	0	0	0	0
Other assets, current	233	0	283	0	50	21
Total current assets	1,887,438	62	1,893,892	60	6,454	0
Financial assets at fair value through other comprehensive income, noncurrent	140,932	4	205,954	7	65,022	46
Investments under equity method	113,458	4	158,598	5	45,140	40
Property, plant and equipment	807,252	26	688,205	22	(119,047)	(15)
Right-of-use assets	2,458	0	1,405	0	(1,053)	(43)
Intangible assets	8,987	0	114,793	4	105,806	1,177
Deferred income tax assets	80,825	3	76,617	2	(4,208)	(5)
Net defined benefit asset, noncurrent	20,757	1	0	0	(20,757)	(100)
Other assets, noncurrent	1,511	0	1,511	0	0	0
Total non-current assets	1,176,180	38	1,247,083	40	70,903	6
Total assets	3,063,618	100	3,140,975	100	77,357	3
Short-term loans	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss, current	1,714	0	1,161	0	(553)	(32)
Contract liabilities, current	112	0	0	0	(112)	(100)
Accounts payable	248,965	8	306,522	10	57,557	23
Accounts payable-related parties	41,479	1	43,675	1	2,196	5
Other payables	203,276	7	241,300	8	38,024	19
Other payables-related parties	1,211	0	0	0	(1,211)	(100)
Current income tax liabilities	0	0	0	0	0	0
Lease liabilities, current	1,045	0	1,070	0	25	2
Other current liabilities, others	46,075	2	14,280	0	(31,795)	(69)
Total current liabilities	543,877	18	608,008	19	64,131	12

Item \ Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Deferred income tax liabilities	4,604	0	7,055	0	2,451	53
Lease liabilities, noncurrent	1,432	0	362	0	(1,070)	(75)
Long-term notes and accounts payable	0	0	46,057	2	46,057	100
Total non-current liabilities	6,036	0	53,474	2	47,438	786
Total liabilities	549,913	18	661,482	21	111,569	20
Common stock share capital	1,445,480	47	1,445,480	46	0	0
Capital surplus	954,265	31	956,609	30	2,344	0
Legal reserves	195,549	7	168,696	5	(26,853)	(14)
Special reserves	0	0	0	0	0	0
Unappropriated earnings (Deficit for compensation)	(26,853)	(1)	(99,031)	(3)	(72,178)	269
Other equity	(54,736)	(2)	7,739	1	62,475	(114)
Total equity	2,513,705	82	2,479,493	79	(34,212)	(1)
Total liabilities and equity	3,063,618	100	3,140,975	100	77,357	3

Changes that exceed 20% and over NT$10 million and explanation for those changes:

1. Accounts receivable, net: Primarily due to the increase in operating revenue in Q4 2023 compared to Q4 2022.
2. Financial assets at fair value through other comprehensive income, noncurrent: Primarily due to the increase in the fair value of equity instruments held.
3. Investments under equity method: Primarily due to participation in a cash capital increase of a subsidiary.
4. Intangible assets: Primarily due to a new phosphor rights licensing agreement.
5. Net defined benefit asset, noncurrent: Primarily due to the settlement of all defined benefit pension liabilities and reclaiming the surplus in 2023.
6. Accounts payable: Primarily due to the increase in purchase amounts in Q4 2023 compared to Q4 2022.
7. Other current liabilities, others: Primarily due to the settlement of collected and payable items.
8. Long-term notes and accounts payable: Primarily due to the addition of a payable for phosphor rights licensing.
9. Unappropriated earnings (Deficit for compensation): Primarily due to the loss incurred in 2023.
10. Other equity: Primarily due to the increase in the fair value of equity instruments held.
11. The above differences are part of normal operating activities and do not have a significant impact on the financial condition.

II. Financial Performance

(I) Comparative Analysis of Financial Performance

1. Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Operating revenues	2,410,672	100	1,972,624	100	(438,048)	(18)
Operating costs	2,103,304	87	1,590,023	80	(513,281)	(24)
Gross profit	307,368	13	382,601	20	75,233	24
Operating expenses	480,180	20	548,363	28	68,183	14
Operating income	(172,812)	(7)	(165,762)	(8)	7,050	4
Non-operating income and expenses	31,738	1	27,561	1	(4,177)	(13)
Income from continuing operations before income tax	(141,074)	(6)	(138,201)	(7)	2,873	2
Income tax expense (profit)	1,172	0	9,421	0	8,249	704
Net income	(142,246)	(6)	(147,622)	(7)	(5,376)	(4)
Changes that exceed 20% and over NT$10 million and explanation for those changes: 1. Operating costs, Gross profit: Primarily through proactive cost control measures and liquidation of stagnant inventory, operating costs have decreased and gross profit has increased.						

2. Parent Company Only Financial Statements

Unit: NT$ thousand

Item \ Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Operating revenues	2,186,918	100	1,879,310	100	(307,608)	(14)
Operating costs	1,948,006	89	1,532,306	82	(415,700)	(21)
Gross profit	238,912	11	347,004	18	108,092	45
Unrealized profit from sales	(3,924)	0	(1,202)	0	2,722	(69)
Realized profit from sales	8,067	0	3,924	0	(4,143)	(51)
Gross profit, net	243,055	11	349,726	18	106,671	44
Operating expenses	405,466	19	416,129	22	10,663	3
Operating income	(162,411)	(8)	(66,403)	(4)	96,008	(59)
Non-operating income and expenses	21,314	1	(25,969)	(1)	(47,283)	(222)
Income from continuing operations before income tax	(141,097)	(7)	(92,372)	(5)	48,725	(35)

Item \ Year	2022		2023		Difference	
	Amount	%	Amount	%	Amount	%
Income tax expense (profit)	107	0	8,961	0	8,854	8,275
Net income	(141,204)	(7)	(101,333)	(5)	39,871	(28)

Changes that exceed 20% and over NT$10 million and explanation for those changes:

1. Operating costs, Gross profit, Gross Profit Net Loss: Primarily through proactive cost control measures and liquidation of stagnant inventory, operating costs have decreased, and both gross profit and gross profit net loss have increased.
2. Operating income, Income from continuing operations before income tax, Net Income: Mainly due to the increase in gross profit, operating net loss, pre-tax net loss, and net income for the period have decreased.
3. Non-operating income and expenses: Mainly due to the increased operating losses of subsidiaries in the 112th fiscal year.

3. Expected sales volume and its basis, its possible impact on the Company's finance and business and response plan: The company did not disclose 2023 financial forecast and does not plan to disclose related effects and plans.

III. Cash Flow

(I) Analysis of Cash Flow for the most recent year

Item \ Year	2022(Consolidated)	2023(Consolidated)	Ratio Charge (%)
Cash Flow Ratio (%)	41.44	0.14	(41.30)
Cash Flow Adequacy Ratio (%)	61.63	80.56	18.93
Cash Reinvestment Ratio (%)	4.17	0.02	(4.15)

Analysis of changes in cash flow:

1. Cash Flow Ratio (%):The ratio mainly declined due to the decrease in operating cash inflows in the fiscal year 2023.
2. Cash Flow Adequacy Ratio (%):The ratio mainly increased due to the continuous rise in operating cash inflows in the fiscal year 2023.
3. Cash Reinvestment Ratio (%):The ratio mainly declined due to the decrease in operating cash inflows in the fiscal year 2023.

(II) Remedy for Cash Deficit and Liquidity: Not applicable.

(III) Analysis of Cash Flow for the Coming Year:

Unit: NT$ thousand

Cash and cash equivalents at Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Estimated Cash at the End of the Year	Remedial Measures of Cash Flow Shortfalls	
				Investment Plans	Financing Plans
1,388,432	88,401	(148,886)	1,327,947	—	—

Analysis of cash flow liquidity in the coming year: 1. Operating Activities: Net cash inflow from normal operating activities. 2. Investing Activities: Cash outflow due to fixed assets purchasing or investment. 3. Financing Activities: Cash outflow from loan repaying.

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

V. The reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year.

(I) Re-investment policies in the most recent year:

The Company establishes "Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" defined by the competent authority. To enhance the supervision over the investees, the Company has established a "Subsidiary Management Policy" as part of its internal control system to regulate information disclosure, business, inventory, and financial management of the invested companies. The Company also performs audits on a regular basis and establishes relevant operational risk mechanisms to maximize the effectiveness of the Company's reinvestment businesses.

(II) Main Causes for Profits or Losses of Investment and Improvement Plans:

The company experienced an investment loss in 2023, primarily due to downturn market conditions. We have invested in Mini LED backlight driving circuits and local dimming algorithm solutions, as well as LED backlight module products. Furthermore, we will continue to expand the market for automotive Mini LED backlights and related sensing components to increase revenue and improve profitability. We are also continuously developing new applications in AR, VR, thin and small-size high-power semiconductor packaging, and sensing-related products to secure our market position early.

(III) Investment Plans for the Coming Year: None.

VI. Analysis of Risk Management

(I) The Impacts of Interest Rates, Foreign Exchange Rates and Inflation on Corporate Profitability and Future Response Measures

1. Interest rate: The Company allocates capital in a conservative manner and with good liquidity as the operating principles. The Company maintains good relations with banks and has sufficient borrowing limits to adjust its capital operation depending on changes in interest rates to reduce the impact of changes in interest rates on the Company's profit and loss.
2. Exchange rate:

(1) Effect on the Company's profit or loss

Unit: NT$ thousand

Item \ Year	2022	2023
Net operating revenues(1)	2,410,672	1,972,624
Gain/Loss on foreign currency exchange(2)	27,914	2,422
Gain/Loss on financial assets or liabilities at FVTPL(3)	(16,879)	(2,981)
(2)+(3)/(1)	0.46%	(0.03%)

(2) Future countermeasures

The Company's sales transactions are mainly denominated in USD and CNY, and the purchase transactions are mainly in USD and NTD. The exchange rate risk of some purchases and sales adopts the natural hedging principle, and therefore only foreign currency net assets or liabilities are hedged. The Company assigns personnel to keep track of changes in exchange rates and the international situation, judge exchange rate trends carefully, and engage in foreign currency hedging transactions to effectively reduce exchange rate risks.

3. Inflation: Due to the recent price surge of raw materials, the war in Russia and Ukraine, and the unresolved supply chain bottlenecks, the overall economic environment presents a trend of inflation, but the Company's operations have not been significantly affected by inflation. In addition, the Company keeps track of global political and economic changes and the pulse of market prices, and maintains good interaction with suppliers and customers, so that the procurement and sales strategies can be adjusted in a timely manner and business operations are not subject to major threats.

(II)Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk and High-leveraged Investments, Lending, Endorsement and Guarantee and Derivatives Transactions.

1. The Company focuses on its core business and does not engage in high-risk and highly leveraged investments.
2. The Company has established regulations such as "Procedures for Acquisition or Disposal of Assets," "Endorsement and Guarantee Regulations," and "Procedures for Loaning of Funds to Others" as the basis for relevant practices of the Company and its subsidiaries. In the most recent year and as of the publication date of this annual report, there was no loaning of funds to others or endorsements/guarantees for others.
3. The Company's financial derivative transactions are foreign exchange forwards and foreign exchange swap transactions to hedge foreign exchange risks. All operations are carried out in accordance with the relevant regulations.

(III) Future R&D Projects and Estimated R&D Expenses

The company continues to invest in the backlight application market for mobile phones, tablets, monitors, TVs, automotive, and more. We are introducing smaller, thinner, and higher-efficiency LED packaging products to maintain market share. Starting in fiscal year 2024, we are investing in Mini LED backlight driver circuits and Local Dimming algorithm solutions. This expansion includes backlight modules for automotive, gaming laptops, industrial control, TV, and BG twin-crystal high-color rendering industrial control backlight modules.

The automotive Mini LED backlight solutions benefit from our Package on Board (POB) packaging scheme and the growth of the automotive backlight market, expecting significant revenue growth. The market share for high-end Mini LED TV backlights is also projected to increase. The 0.3mm ultra-thin LED components used in mobile and tablet devices significantly enhance thinness, potentially boosting shipment volumes. Moreover, low-power LED solutions for energy-saving applications in notebooks, monitors, and commercial display TVs are among the mainstream products this year.

The automotive interior lights, exterior lighting components, headlights, tail lights, and indicator light modules have received certification and are being shipped to automakers, gradually increasing our revenue and profit margins, with market expansion into Southeast Asia. The Mini LED automotive lighting solutions continue to be co-developed with clients. Automotive and helmet head-up display light source solutions are expected to start contributing to revenue and profit this year. We are also investing in the development of multi-beam intelligent digital headlights, planned for application in motorcycle headlights.

The Bluetooth earphone proximity sensor components are steadily growing in the Chinese and Korean markets. A new ultra-thin solution developed with clients is entering mass production, aiming for larger market share. Our heart rate and oxygen level sensor components, driven by the Covid-19 market demand, have become mainstream functional accessories for watches and wristbands. With an annual demand of nearly 200 million units, growth is promising.

We are also venturing into VR, AR, thin small-sized high-power semiconductor packaging, and ultra-small optocoupling components, targeting the themes of the metaverse and autonomous driving. We are co-developing and validating these new application fields with mainstream clients, with sample trials currently underway. The R&D expenditure for fiscal year 2024 is projected to be approximately 5% of revenue.

(IV) Effects and Response Measures for Changes in Domestic and International Policies or Regulations Relating to Corporate Finance and Business

The Company operates in the green energy industry, which is not restricted by special laws and regulations. The Company complies with relevant domestic and foreign laws and regulations in its operation and management, and always pays attention to important changes in policies and laws at home and abroad to ensure the smooth operation of the Company. In the most recent year and up to the publication date of the annual report, the Company has not experienced any significant impact on the financial operations of the Company due to changes in important domestic and foreign policies and laws.

(V) Effects and Response Measures for Changes in Technology (Including Cyber Security Risks) and the Industry Relating to Corporate Finance and Business

The Company continues to invest substantial resources in the research and development of new technologies, and fully grasp the pulse of the industry and industrial changes. The Company also observes the pulse of future technologies and adjusts the corporate strategy as appropriate. Cyber security risks are also closely monitored. In the most recent year and up to the publication date of the annual report, the Company has not experienced any material impact on the financial business of the Company due to changes in technology, cyber security risks, and industrial changes.

(VI) The Impact of Corporate Image Change on Corporate Crisis Management and Response Measures

The Company attaches great importance to its corporate social responsibilities and upholds the principles of ethical corporate management, and complies with relevant laws and regulations, while maintaining harmonious labor-management and stakeholder relations. In addition, the Company has implemented a spokesperson system to have a designated person responsible for responding to suggestions from all walks of life and shareholders to maintain the Company's credibility and image. In the most recent year and up to the publication date of the annual report, the Company has not experienced any corporate crisis or crisis management situation due to changes in corporate identity.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(IX) Risks and Response Measures for Excessive Concentration of Purchasing Sources or Customers

In terms of purchase, the Company's raw materials mainly include LED crystal grains, substrates, lead frames, encapsulants, and phosphors. LED crystal grains are the main procurement item for the Company. To reduce the risk of purchase concentration, apart from selecting the best suppliers at home and abroad, all of them must pass the internal evaluation and related verification work. In addition, we also maintain more than two suppliers and establish good cooperative relations with domestic and foreign suppliers. Dedicated personnel are assigned to evaluate suppliers and inquire the prices of important raw materials on a regular basis to ensure the stability of supply quality and ensure that there is no chance of supply shortage.

In terms of sales, the Company's sales customers are mainly panel factories, mobile phone factories, and TV factories in the Asia Pacific region. Transactions between both parties have been frequent and the relationship is good. However, the Company not only continues to strengthen the existing customer base, but also actively explores new products and new customers to diversify the risk of sales concentration.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other Important Matters: None.

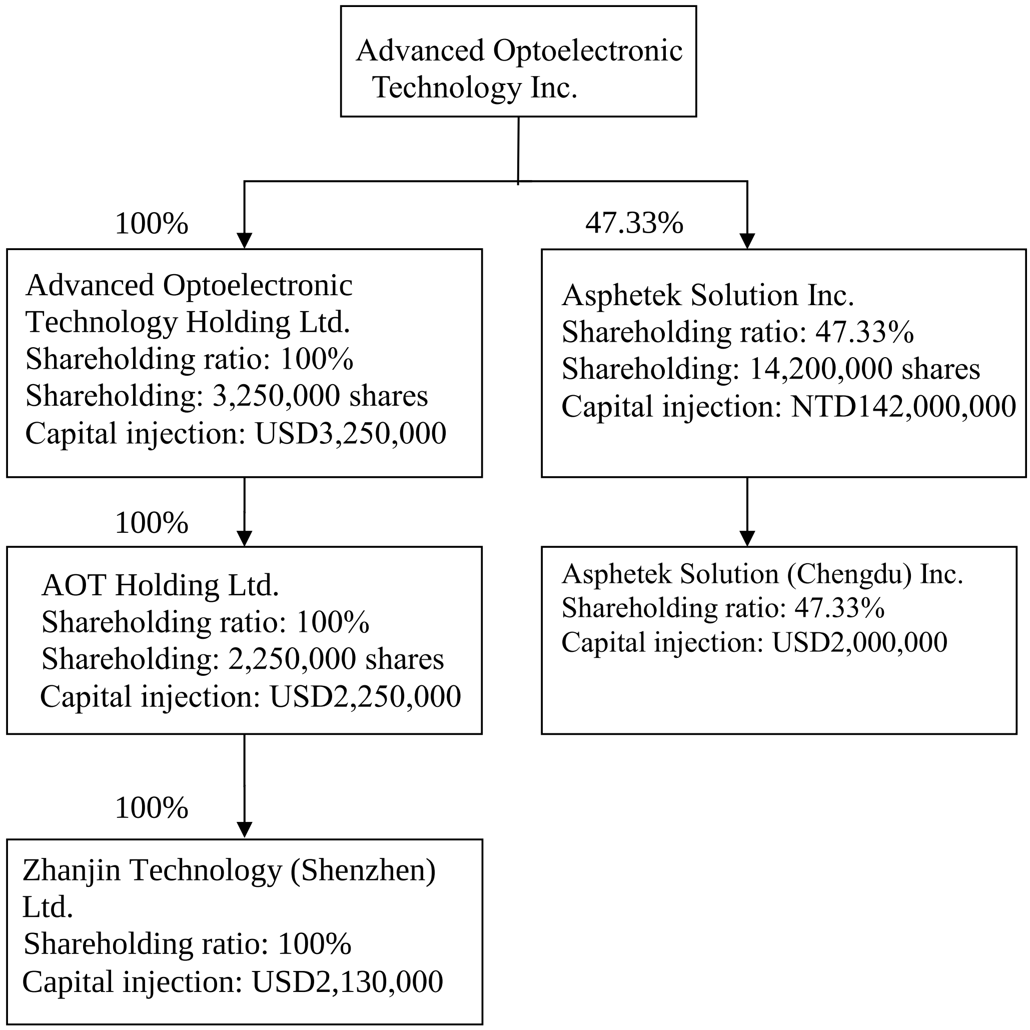
Section Eight - Special Items

I. Information Related to the Company's Affiliates

(I) Consolidated business report of affiliated enterprises

1. Profile of affiliated enterprises:

(1) Organization chart (Dec. 31, 2023)



(2) Basic information of affiliated enterprises

Dec. 31, 2023
Unit: NT$ thousand

Company	Date of Establishment	Address	Paid-in Capital	Major Business/Production Items
Asphetek Solution Inc.	2022.07.25	(Note 1)	300,000	Manufacture and sale of electronic components
Advanced Optoelectronic Technology Holding LTD.	2003.11.18	(Note 2)	99,811 (Note 6)	Investment
AOT Holding LTD.	2003.11.18	(Note 3)	67,632 (Note 7)	Investment
Zhanjing Technology (Shenzhen) Ltd.	2004.05.12	(Note 4)	63,698 (Note 8)	Technology development, wholesale, import/export and related ancillary services of new electronic components and electronic products.
Asphetek Solution(Chengdu) Inc.	2023.06.02	(Note 5)	63,870 (Note 9)	Electronic Components Manufacturing and Sales

Note 1: No.7-1, Siwei Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County, Taiwan, R.O.C.
Note 2: P.O.BOX 1225, Apia, Samoa.
Note 3: P.O.BOX 1225, Apia, Samoa.
Note 4: 1109, Jinluan Times Building, Heping East Road, Longhua Street Longhua District Shenzhen city.
Note 5: Floor 2, Block B, Building 2, No. 2, Shuma 2nd Road, New Economy Industrial Park, Modern Industrial Port, Pidu District, Chengdu, Sichuan.
Note 6: The original capital injection is USD 3,250,000.
Note 7: The original capital injection is USD 2,250,000.
Note 8: The original capital injection is USD 2,130,000.
Note 9: The original capital injection is USD 2,000,000.

(3) Shareholders in common of the company and its affiliates with deemed control and subordination under Article 369-3 of the Company Act: None.

(4) Business scope of the company and its affiliated enterprises:

A. Business scope of the company and its affiliates: Please refer to “Basic information of affiliated enterprises”.

B. The interlinking of the businesses conducted between the related enterprises:
Advanced Optoelectronic Technology Holding LTD. and AOT Holding LTD. are holding companies and are in change of abroad investment; as to the trading between Advanced Optoelectronic Technology Inc. and Zhanjing Technology (Shenzhen) Ltd., Advanced Optoelectronic Technology Inc. sells LED components to Zhanjing Technology (Shenzhen) Ltd., then Zhanjing Technology (Shenzhen) Ltd. sells Lightbar to customers in China. Major business of Asphetek Solution Inc. is manufacture and sale of electronic components, and its products do not overlap with AOTs’.

(5) Directors, supervisors and presidents of affiliated enterprises:

Dec. 31, 2023
Unit: NT$ thousand; Shares: thousand

<table>
<tr><th rowspan="2">Company</th><th rowspan="2">Title</th><th rowspan="2">Name or representative</th><th colspan="2">Shareholding</th></tr>
<tr><th>Shares</th><th>%</th></tr>
<tr><td rowspan="5">Asphetek Solution Inc.</td><td>Chairman</td><td>Advanced Optoelectronic Technology Inc.
Representative: Fang, Jung-Hsi</td><td>14,200</td><td>47.33%</td></tr>
<tr><td>Director</td><td>Advanced Optoelectronic Technology Inc.
Representative: Chen, Chang-Ho</td><td>14,200</td><td>47.33%</td></tr>
<tr><td>Director</td><td>Advanced Optoelectronic Technology Inc.
Representative: Huang, Yen-Heng</td><td>14,200</td><td>47.33%</td></tr>
<tr><td>General Manager</td><td>Huang, Yen-Heng</td><td>700</td><td>2.33%</td></tr>
<tr><td>Supervisor</td><td>Cheng, Chen- Hsun</td><td>100</td><td>0.33%</td></tr>
<tr><td>Advanced Optoelectronic Technology Holding LTD.</td><td>Director</td><td>Advanced Optoelectronic Technology Inc.
Representative: Fang, Jung-Hsi</td><td>3,250</td><td>100%</td></tr>
<tr><td>AOT Holding LTD.</td><td>Director</td><td>Advanced Optoelectronic Technology Holding LTD.
Representative: Fang, Jung-Hsi</td><td>2,250</td><td>100%</td></tr>
<tr><td rowspan="2">Zhanjing Technology (Shenzhen) Ltd.</td><td>Executive Director</td><td>AOT Holding LTD.
Representative: Yao, Chin-Hsing</td><td>USD: 2,130 (Note 1)</td><td>100%</td></tr>
<tr><td>General Manager</td><td>Yao, Chin-Hsing</td><td>—</td><td>—</td></tr>
<tr><td rowspan="2">Asphetek Solution (Chengdu) Inc.</td><td>Executive Director</td><td rowspan="2">Asphetek Solution Inc.
Representative: Huang, Yen-Heng</td><td>USD: 2,000 (Note 1)</td><td>47.33%</td></tr>
<tr><td>General Manager</td><td>—</td><td>—</td></tr>
</table>

Note 1: It is a limited company and here shows paid-in capital only.

2.Operating highlights of the company’s subsidiaries

Dec. 31, 2023
Unit: NT$ thousand

Company	Paid-in Capital	Assets	Liabilities	Net Worth	Net Revenue	Income (Loss) from Operating	Net Income (Loss)	Earnings (Loss) Per Share
Asphetek Solution Inc.	300,000	253,921	52,097	201,824	0	(77,395)	(91,088)	(4.87)
Advanced Optoelectronic Technology Holding LTD.	99,811	64,269	0	64,269	0	0	(13,012)	(0.13)
AOT Holding LTD.	67,632	64,185	0	64,185	0	0	(13,013)	(0.19)
Zhanjing Technology (Shenzhen) Ltd.	63,698	299,025	235,482	63,543	437,216	(5,0857)	(13,019)	NA
Asphetek Solution (Chengdu) Inc.	63,870	74,750	17,500	57,250	0	(4,562)	(4,742)	NA

(II) Consolidated financial statements of affiliated enterprises:

The entities that are required to be included in the combined financial statements of Advanced Optoelectronic Technology Inc. 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 Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Advanced Optoelectronic Technology Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

(III) Affiliation report: Not applicable.

II. Private Placement Securities in the Most Recent Years: None.

III. Holding or Disposition of the Company Stocks by Subsidiaries: None.

IV. Special Notes: None.

V. Any Events that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of Securities and Exchange Act:

(I) The dishonoring of negotiable instruments due to insufficient deposit, the refusal to transact by banking services, or other events that result in the loss of good credit standing: None.

(II) Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the company: None.

(III) Serious drop in the output, complete or partial suspension of work, lease of the company factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the company business: None.

(IV) Any event specified under Article 185, paragraph 1 of the Company Act: None.

(V) Judgment by the competent court to prohibit the transfer of the company's shares under Article 287, paragraph 1, item 5 of the Company Act: None.

(VI) Change in the chairman of the board, general manager, or one-third or more of the directors of the company: Huang, Yu- Liang resigned due to personal health reasons in December, 2023 with Fang, Jung-Hsi concurrently assuming the roles of CEO and GM. After evaluation, it has been determined that the change in General Manager will have no significant impact on the company's financials, business operations, or overall performance.

(VII) Change in the auditing and certifying accountant. However, where the change is due to internal adjustments in the accounting office, this "matter" shall not be included "in the above definition": None.

(VIII) Execution, amendment, termination and rescindment of the important memoranda, strategic alliances or other cooperative business plans, or important contracts, change in the material contents of the business plan, completion of new product development, successful development of trial products and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a major effect on the finances or business of the company: None.

(IX) Other important events that have had significant impact on the continuation of company operation: None.

Advanced Optoelectronic Technology Inc.

Representation Letter

The entities that are required to be included in the combined financial statements of Advanced Optoelectronic Technology Inc. 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 Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the company does not prepare a separate set of combined financial statements.

Very Truly Yours,

Company name: Advanced Optoelectronic Technology Inc.

Chairman: Fang, Jung-Hsi

Date: March 12, 2024

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23004755

To: Advanced Optoelectronic Technology Inc.

Audit opinion

We have audited the accompanying consolidated balance sheet of Advanced Optoelectronic Technology Inc. and its Subsidiaries ("Advanced Optoelectronic Technology Group") as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated changes in equity and cash flow for the years then ended, and the notes to the consolidated financial statements, (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Advanced Optoelectronic Technology Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively, "IFRSs") as endorsed by the Financial Supervisory Commission (FSC).

Basis for audit opinion

We conducted our audit 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 Advanced Optoelectronic Technology Group in accordance with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and appropriate audit evidence has been obtained in order to be served as a basis for presenting our audit opinion.

Key audit matters

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

Key audit matters of the 2023 consolidated financial statements of Advanced Optoelectronic Technology Group are as below:

Inventory valuation

Description of matters

For descriptions of the accounting policies, accounting estimates, and the uncertainties of accounting estimates for inventory valuation and assumptions, and accounting items, please see Notes IV (XII), V (II) and VI (V) to the consolidated financial statements.

The principal business of the Advanced Optoelectronic Technology Group is the manufacture and sale of light-emitting diodes. Due to a large number of competitors from China manufacturers, the commodity prices may be vulnerable to fluctuations or the product sale may not be as expected, which may affect the estimation result of the net realizable value of inventory valuation.

The Advanced Optoelectronic Technology Group adjusts its inventory requirements in response to the sales market and development strategies. Since LEDs are the main sales commodity, the related inventory amount is significant. The management evaluates the inventory according to the lower cost and net realizable value. Because the above process involves subjective judgments, we believe that the accounting estimate has a significant impact on the assessment of inventory value, so it is listed as one of the most important matters during the audit.

Corresponding audit procedures

The audit procedures we have executed for the key audit matters are as follows:

1. We have evaluated the policy adopted for the allowance for inventory write-down based on our understanding of the nature of the Advanced Optoelectronic Technology Group's operations and industry.
2. We have tested the basis for the net realizable value to see whether it complies with the policy of the Advanced Optoelectronic Technology Group. Calculation is performed by taking the sales and net realizable value of the individual inventory number from random sampling.
3. Obtain obsolete inventory details identified by the management, review related documents, and reconcile the records contained in the accounts.

Other Matters - Parent Company Only Financial Statements

Advanced Optoelectronic Technology Inc. has prepared the parent company only financial statements for 2023 and 2022. We have issued an independent Auditors' Report with an unmodified opinion for reference.

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 Regulation Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC as endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing Advanced Optoelectronic Technology Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

We exercised professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error, design and perform 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. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting based on the audit evidence obtained, and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events .
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The matters communicated between us and the governing body include the planned scope and time of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with relevant ethical requirements regarding independence, and we communicated with them all relationships that may be thought to undermine our independence and other matters (including related protective measures).

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

PricewaterhouseCoopers Taiwan

Po-Chuan Lin

Accountant

Shu-Chiung Chang

Financial Supervisory Commission
Approval No.: Jin-Guan-Zheng-Shen - Zi No. 1100350706
Former Financial Supervisory Commission, Executive Yuan
Approval No.: Jin-Guan-Zheng-Shen - Zi No. 0990042602

March 12, 2024

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ Thousand

	Assets	Notes	December 31, 2023			December 31, 2022		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	VI (I)	$	1,388,432	42	$	1,383,056	43
1110	Financial assets at fair value through profit or loss (FVTPL) - Current	VI (II)		5,670	-		3,980	-
1140	Contract assets - current			-	-		1,171	-
1150	Notes receivable, net	VI (III)		9,619	-		25,179	1
1170	Accounts receivable, net	VI (III)		439,951	13		330,420	10
1180	Accounts receivable - related parties, net	VI (III) and (VII)		133,332	4		122,924	4
1200	Other receivables	VI (IV) and VII		24,657	1		54,459	2
1220	Current income tax assets			1,694	-		562	-
130X	Inventory	VI (V)		178,789	5		163,734	5
1410	Prepayments			20,928	1		12,922	-
1479	Other current assets - others			1,182	-		233	-
11XX	**Total of current assets**			2,204,254	66		2,098,640	65
	Non-current assets							
1517	Financial assets at FVTOCI - non-current	VI (VI)		205,954	6		140,932	4
1550	Investment under equity method	VI (VII)		6,222	-		5,554	-
1600	Property, plant, and equipment	VI (VIII)		701,929	21		824,517	26
1755	Right-of-use assets	VI (IX)		41,244	1		34,309	1
1780	Intangible assets	VI (X)		114,793	4		8,987	-

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ Thousand

1840	Deferred tax assets	VI (XXIII)	76,617	2	80,825	3
1975	Net defined benefit assets - non-current	VI (XIV)	-	-	20,757	1
1990	Other non-current assets - others	VIII	5,472	-	5,517	-
15XX	**Total non-current assets**		1,152,231	34	1,121,398	35
1XXX	**Total assets**		$ 3,356,485	100	$ 3,220,038	100

(continued on next page)

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ Thousand

	Liabilities and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - Current	VI (II)	$ 1,161	-	$ 1,714	-
2130	Contract liabilities - current	VI (XVIII)	-	-	112	-
2170	Accounts payable		359,793	11	331,828	10
2180	Accounts payable - related parties	VII	4,239	-	4,256	-
2200	Other payables	VI (XII)	287,695	9	248,566	8
2220	Other payables - related parties	VII	2,865	-	6,913	-
2230	Current income tax liabilities		-	-	979	-
2280	Lease liabilities - current		18,281	1	10,922	-
2399	Other current liabilities - others		15,590	-	46,697	2
21XX	**Total of current liabilities**		689,624	21	651,987	20
	Non-current liabilities					
2570	Deferred income tax liabilities	VI (XXIII)	7,055	-	4,604	-
2580	Lease liabilities - non-current		27,962	1	23,826	1
2610	Long-term notes and payables	VI (XIII)	46,057	1	-	-
25XX	**Total of non-current liabilities**		81,074	2	28,430	1
2XXX	**Total liabilities**		770,698	23	680,417	21
	Equity					
	Share capital	VI (XV)				
3110	Common stock share capital		1,445,480	43	1,445,480	45
	Capital Surplus	VI (XVI)				
3200	Capital Surplus		956,609	28	954,265	29

The attached notes to the consolidated financial reports are part of this consolidated financial report; please refer to them, too.

Chairman : Fang, Jung Hsi　　‘Manager : Fang, Jung-Hsi　　Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT$ Thousand

	Retained earnings	VI (XVII)				
3310	Legal reserves		168,696	5	195,549	6
3350	Losses to be compensated		(99,031)	(3)	(26,853)	(1)
	Other equity					
3400	Other equity		7,739	1	(54,736)	(1)
31XX	**Total equity attributable to parent company shareholders**		2,479,493	74	2,513,705	78
36XX	**Non-controlling equity**		106,294	3	25,916	1
3XXX	**Total equity**		2,585,787	77	2,539,621	79
	Significant Contingent Liabilities and Unrecognized Commitments	IX				
3X2X	**Total liabilities and equity**		$ 3,356,485	100	$ 3,220,038	100

The attached notes to the consolidated financial reports are part of this consolidated financial report; please refer to them, too.

Chairman : Fang, Jung Hsi ‘Manager : Fang, Jung-Hsi Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated comprehensive income statement
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand
(except for loss per share in NTD)

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	VI (XVIII) and VII	$ 1,972,624	100	$ 2,410,672	100
5000	Operating cost	VI (V) (XXII) and VII	(1,590,023)	(80)	(2,103,304)	(87)
5900	Gross profit		382,601	20	307,368	13
	Operating expenses	VI (XXII)				
6100	Sales and marketing expenses		(190,745)	(10)	(189,115)	(8)
6200	Administrative expenses		(226,795)	(12)	(217,378)	(9)
6300	R&D expenses		(127,531)	(6)	(82,078)	(3)
6450	Expected credit impairment gain (loss)	XII (II)	(3,292)	-	8,391	-
6000	Total operating expenses		(548,363)	(28)	(480,180)	(20)
6900	Operating loss		(165,762)	(8)	(172,812)	(7)
	Non-operating income and expense					
7100	Interest income		17,941	1	9,805	-
7010	Other income	VI (XIX) and VII	20,987	1	17,411	1
7020	Other gains and losses	VI (XX)	(9,623)	(1)	5,013	-
7050	Financial cost	VI (XXI)	(6,043)	-	(3,550)	-
7060	Share of the profit or loss of the affiliated companies and joint ventures under the equity method	VI (VII)	4,299	-	3,059	-
7000	Total non-operating income and expenses		27,561	1	31,738	1

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated comprehensive income statement
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand
(except for loss per share in NTD)

7900	**Net loss before tax**		(138,201)	(7)	(141,074)	(6)
7950	Income tax expenses	VI (XXIII)	(9,421)	-	(1,172)	-
8200	**Current net loss**		($ 147,622)	(7)	($ 142,246)	(6)

(continued on next page)

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated comprehensive income statement
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand
(except for loss per share in NTD)

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (net)					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	VI (XIV)	$ -	-	$ 5,483	-
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI	VI (VI)	64,590	3	(75,607)	(3)
8349	Income tax related to items not reclassified	VI (XXIII)	2,302	-	(1,097)	-
8310	Total of items not reclassified to profit or loss		66,892	3	(71,221)	(3)
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange difference in the translation of the financial statement of foreign operations		(2,990)	-	980	-
8370	Share of other comprehensive income of affiliates and joint ventures accounted for under the equity method - items that may be reclassified as income	VI (VII)	(114)	-	238	-
8360	Total of items that may be reclassified subsequently to profit or loss		(3,104)	-	1,218	-
8300	**Other comprehensive income (loss) after tax for current period**		$ 63,788	3	($ 70,003)	(3)

The attached notes to the consolidated financial reports are part of this consolidated financial report; please refer to them, too.

Chairman : Fang, Jung Hsi ‘Manager : Fang, Jung-Hsi Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc. and its Subsidiaries
Consolidated comprehensive income statement
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand
(except for loss per share in NTD)

8500	**Total comprehensive loss for current period**		($ 83,834)	(4)	($ 212,249)	(9)
	Net profit or loss attributable to:					
8610	Owner of the parent company		($ 101,333)	(5)	($ 141,204)	(6)
8620	Non-controlling equity		(46,289)	(2)	(1,042)	-
			($ 147,622)	(7)	($ 142,246)	(6)
	Total comprehensive income attributable to:					
8710	Owner of the parent company		($ 36,556)	(2)	($ 211,207)	(9)
8720	Non-controlling equity		(47,278)	(2)	(1,042)	-
			($ 83,834)	(4)	($ 212,249)	(9)
	Loss per share	VI (XXIV)				
9750	Basic loss per share		($ 0.70)		($ 0.98)	

The attached notes to the consolidated financial reports are part of this consolidated financial report; please refer to them, too.

Chairman : Fang, Jung Hsi ‘Manager : Fang, Jung-Hsi Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc. and its Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

		Equity attributable to owners of parent company												
			Capital Surplus					Retained earnings		Other equity				
	Notes	Common stock share capital	Shares premium from issuance	Recognition of changes in equity of subsidiaries	Donated assets	Changes in the net equity value of affiliates and joint ventures recognized under the equity method	Expired stock options	Legal reserves	Undistributed earnings (losses to be compensated)	Exchange difference in the translation of the financial statement of foreign operations	Financial assets at FVTOCI - Unrealized gains or losses	Total	Non-controlling equity	Total equity
2022														
Balance on January 1, 2022		$ 1,445,480	$ 936,594	$ -	$ 5,900	$ 10,681	$ 48	$ 176,103	$ 194,458	($ 5,630)	$ 25,407	$ 2,789,041	$ -	$ 2,789,041
Current net loss		-	-	-	-	-	-	-	(141,204)	-	-	(141,204)	(1,042)	(142,246)
Other comprehensive income (loss)	VI (VI)	-	-	-	-	-	-	-	4,386	1,218	(75,607)	(70,003)	-	(70,003)
Total comprehensive income (loss)		-	-	-	-	-	-	-	(136,818)	1,218	(75,607)	(211,207)	(1,042)	(212,249)
Appropriation and distribution of 2021 earnings:	VI (XVII)													
Provision of legal reserve		-	-	-	-	-	-	19,446	(19,446)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(65,047)	-	-	(65,047)	-	(65,047)
Disposal of investment under equity method		-	-	-	-	-	-	-	-	(124)	-	(124)	-	(124)
Recognition of changes in equity of subsidiaries	VI (XXV)	-	-	1,042	-	-	-	-	-	-	-	1,042	26,958	28,000
Balance at December 31, 2022		$ 1,445,480	$ 936,594	$ 1,042	$ 5,900	$ 10,681	$ 48	$ 195,549	($ 26,853)	($ 4,536)	($ 50,200)	$ 2,513,705	$ 25,916	$ 2,539,621
2023														
Balance on January 1, 2023		$ 1,445,480	$ 936,594	$ 1,042	$ 5,900	$ 10,681	$ 48	$ 195,549	($ 26,853)	($ 4,536)	($ 50,200)	$ 2,513,705	$ 25,916	$ 2,539,621
Current net loss		-	-	-	-	-	-	-	(101,333)	-	-	(101,333)	(46,289)	(147,622)
Other comprehensive income (loss)	VI (VI)	-	-	-	-	-	-	-	2,302	(2,115)	64,590	64,777	(989)	63,788
Total comprehensive income (loss)		-	-	-	-	-	-	-	(99,031)	(2,115)	64,590	(36,556)	(47,278)	(83,834)
Appropriation and distribution of 2022 earnings:	VI (XVII)													
Legal reserve used to make up losses		-	-	-	-	-	-	(26,853)	26,853	-	-	-	-	-
Recognition of changes in equity of subsidiaries	VI (XXV)	-	-	2,344	-	-	-	-	-	-	-	2,344	127,656	130,000
Balance on December 31, 2023		$ 1,445,480	$ 936,594	$ 3,386	$ 5,900	$ 10,681	$ 48	$ 168,696	($ 99,031)	($ 6,651)	$ 14,390	$ 2,479,493	$ 106,294	$ 2,585,787

The attached notes to the consolidated financial reports are part of this consolidated financial report; please refer to them, too.

Chairman : Fang, Jung Hsi　　Manager : Fang, Jung-Hsi　　Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc. and its Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

	Notes	January 1 - December 31, 2023	January 1 - December 31, 2022
Cash flow from operating activities			
Net loss before tax for current period		($ 138,201)	($ 141,074)
Adjustment items			
Income/expenses that do not affect cash flow			
Depreciation expenses	VI (XXII)	165,200	191,668
Amortized expenses	VI (X) (XXII)	42,121	26,328
Expected credit impairment loss (gain)	XII (II)	3,292	(8,391)
Losses on financial assets and liabilities at FVTPL	VI (II) (XX)	2,981	16,879
Interest expense	VI (XXI)	6,043	3,550
Interest income		(17,941)	(9,805)
Dividend income	VI (XIX)	(313)	(3,075)
Share of profit on affiliates accounted for using the equity method:	VI (VII)	(4,299)	(3,059)
Losses from disposal of property, plant, and equipment	VI (XXI)	-	461
Gains on disposal of investment accounted for using equity method	VI (XXI)	-	(636)
Property, plant and equipment recognized as expenses		3,427	552
Impairment losses of property, plant and equipment	VI (VIII) (XI) (XX)	9,768	6,197
Gains on lease modification	VI (IX) (XX)	(704)	-
Changes in operating activities related assets/liabilities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss (FVTPL) - Current		(1,690)	(1,907)
Contract assets - current		1,171	(1,171)
Notes receivable		15,560	(21,471)
Accounts receivable		(112,954)	624,474
Accounts receivable - related parties		(10,628)	181,228
Other receivables		30,139	(4,490)
Inventory		(15,055)	154,307
Prepayments		(8,006)	4,796
Other current assets - others		(949)	41
Net changes in liabilities related to operating activities			
Financial liabilities at fair value through profit or loss - Current		(3,534)	(19,070)
Contract liabilities - current		(112)	49
Accounts payable		27,965	(659,237)
Accounts payable - related parties		(17)	(16,634)
Other payables		9,339	(79,753)
Other payables - related parties		(4,048)	979
Other current liabilities - others		(31,107)	31,030
Net defined benefit obligation		20,757	(2,947)
Cash inflow (outflow) from operations		(11,795)	269,819
Interest received		17,607	8,937
Dividends received		3,830	7,497
Interest paid		(6,121)	(3,261)
Income tax paid		(2,568)	(12,830)
Net cash inflow from operating activities		953	270,162

(continued on next page)

Advanced Optoelectronic Technology Inc. and its Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

	Notes	January 1 - December 31, 2023	January 1 - December 31, 2022
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income - non-current		($ 432)	($ 76,914)
Disposal of investment under equity method	VI (VII)	-	5,089
Acquisition of property, plant, and equipment	VI (XXVI)	(45,755)	(112,415)
Disposal of property, plant, and equipment		-	74
Acquisition of intangible assets	VI (XXVI)	(67,839)	(16,608)
Decrease in other non-current assets - others		415	3,459
Net cash outflow from investing activities		(113,611)	(197,315)
Cash flow from financing activities			
Net decrease in short-term borrowings	VI (XXVII)	-	(52,003)
Repayment of lease principal	VI (XXVII)	(9,084)	(4,765)
Distribution of cash dividends	VI (XVII) (XVIII)	-	(65,047)
Increase in non-controlling interests	VI (XXV)	130,000	28,000
Net cash outflow (inflow) from financing activities		120,916	(93,815)
Effect of exchange rate changes on cash and cash equivalents		(2,882)	961
Increase (decrease) in current cash and cash equivalents		5,376	(20,007)
Opening balance of cash and cash equivalents		1,383,056	1,403,063
Closing balance of cash and cash equivalents		$ 1,388,432	$ 1,383,056

The attached notes to the consolidated financial reports are part of this consolidated financial report; please refer to them, too.

Chairman : Fang, Jung Hsi ‘Manager : Fang, Jung-Hsi Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc. and Subsidiaries

Notes to consolidated financial statements

2023 and 2022

Unit: NT$ Thousand
(unless otherwise stated)

I. Company history

Advanced Optoelectronic Technology Inc. (hereinafter referred to as the "Company") was incorporated in the Republic of China on October 2, 1999. The original name in Mandarin was changed (from “Hsien Chin Kai Fa Corporation” to “Jung Chuang Corporation”), while the English name of the Company remains the same. The renaming was approved by the competent authority on July 14, 2000. The Company and its subsidiaries (collectively referred to as “the Group" hereinafter) primarily engage in the R&D, testing, manufacturing and sale of LEDs, as well as the import/export and trading of raw materials and semi-finished products. The Company's shares have been listed for trading on the Taiwan Stock Exchange since July 9, 2014.

II. Adoption of the date and procedures of the Financial Statements

The consolidated financial report was approved by the Board of Directors on March 12, 2024.

III. Applicable new and amended standards and interpretations

(I) Effect upon adoption of the new and amended IFRSs and accounting standards that came into effect and approved by the Financial Supervisory Commission ("FSC").

The following table sets forth the standards and interpretations newly released, amended, and revised of the IFRSs and accounting standards applicable in 2023 that came into effect and endorsed by the FSC:

New/revised/amended standards and interpretations	Effective date announced by IASB
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar 2 Regulation Template"	May 23, 2023

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

(II) Effect of new issuances of or amendments to IFRSs and accounting standards as endorsed by the FSC but not yet adopted by the Group

The following table sets forth the standards and interpretations newly released, amended, and revised of the IFRSs and accounting standards applicable in 2024 endorsed by the FSC:

New/revised/amended standards and interpretations	Effective date announced by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non- current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

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

(III) IFRSs and accounting standards issued by IASB but not yet endorsed by the FSC

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

New/revised/amended standards and interpretations	Effective date announced by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21 "Lack of Convertibility"	January 1, 2025

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

IV. Summary of significant accounting policies

The major accounting policies adopted in the preparation of this consolidated financial report are described below. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(II) Basis of preparation

1. Except for the following items, the consolidated financial statements have been prepared

under the historical cost convention:

(1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
(2) Financial assets at fair value through other comprehensive income.
(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. Basis for preparation of consolidated financial statements:

(1) All subsidiaries of the Group are included in the consolidated financial statement. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income 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.

(4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(5) When the Group loses control over a subsidiary, the remaining investment in the subsidiary is re-measured at fair value and treated as the fair value of the initially recognized financial assets or the cost on initial recognition of the investment in associates or joint ventures. The difference from the book value is recognized in the current profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

2. Subsidiaries included in the consolidated financial statements:

Name of investor	Subsidiary		Ownership (%)		
Name	Name	Main business activities	December 31, 2023	December 31, 2022	Description
Advanced Optoelectronic Technology Inc.	Advanced Optoelectronic Technology Holding Ltd. (Advanced)	Investments in various businesses	100%	100%	
Advanced Optoelectronic Technology Inc.	Asphetek Solution Inc. (Asphetek)	Manufacture, R&D and sale of electronic components	47.33%	60%	Note 1
Advanced	AOT Holding Ltd.	Investments in various businesses	100%	100%	
AOT Holding Ltd.	ZHAN JING Technology (Shen ZHEN) Co., Ltd. (Zhan Jing)	Technology development, wholesale, import/export and related ancillary services of new electronic components and electronic products	100%	100%	
Asphetek Solution	Asphetek Solution (Chengdu) Inc. (Asphetek Chengdu)	Manufacture and sale of electronic components	100%	-	Note 2

Note 1: Asphetek Solution Inc. is a subsidiary incorporated on July 25, 2022, and increased capital through common shares issuance in June 2023. The Group failed to subscribe in accordance with the shareholding ratio, and the shareholding ratio therefore decreased from 60% to 47.33%. Please refer to Note 6(25).

Note 2: Asphetek Solution (Chengdu) Inc. is a subsidiary incorporated on June 2, 2023.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Different adjustment and treatment methods of subsidiaries in the accounting period: This situation did not apply.
5. Significant restrictions: None.
6. Subsidiaries with material non-controlling equity of the Group: None.

(IV) Conversion of foreign currencies

Items included in the financial report of each entity within the Group are measured by the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The consolidated financial statements are presented in the Company's functional currency, which is "New Taiwan Dollar".

1. Transactions and balances in foreign currencies

(1) Transactions in foreign currencies are converted into the functional currency at the spot

exchange rate on the transaction or measurement date, and the difference from such conversion is recognized as the profits or losses for the current term.

(2) The balance of foreign currency assets and liabilities is adjusted according to the evaluation of the spot exchange rate on the balance sheet date, and the difference from such adjustment is recognized as the profits or losses for the current term.

(3) The balance of foreign currency non-monetary assets and liabilities measured at fair value through profit and loss is adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference generated as a result of the adjustment is recognized as the current profit and loss; the value measured through other for the comprehensive profit or loss that is measured at fair value, it shall be adjusted according to the evaluation of the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be stated as the other comprehensive income. Those not measured using fair value shall be measured using historical rates on the initial trading day.

(4) All exchange gains and losses are reported in the "other gains and losses" of the comprehensive income statement.

2. Conversion of foreign operations

(1) For all group entities and affiliated enterprises whose functional currency is different from the presentation currency, the operating results and financial status are converted into the presentation currency in the following ways:

A. Assets and liabilities expressed in each balance sheet are converted at the closing exchange rate on the balance sheet date;

B. The income, expense, and loss expressed in each comprehensive income statement shall be converted at the average exchange rate in the current period; and

C. All exchange differences arising from conversion are recognized in other comprehensive income.

(2) When the foreign operations disposed or sold are affiliated companies, the exchange differences will be re-categorized under other comprehensive income proportionally to the current profits or losses as part of the sales profits or losses. However, if the Group still retains part of its equity in the former affiliate, but has lost its significant influence on the affiliated enterprise of foreign operations, it shall be treated as a disposal of all interests in the foreign operations.

(3) When the foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized in other comprehensive income is re-attributed to the non-controlling interests of the foreign operation on a pro-rata basis. However, if the Group still retains part of its equity in the former subsidiary but has lost control of the subsidiary of the foreign operation, it shall be treated as a disposal of all the equity of the foreign operation.

(V) Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:

(1) The asset is expected to be realized, sold or consumed in the normal business cycle.

(2) Mainly for trading purpose.

(3) Expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities

in at least 12 months after the balance sheet date.

The Group classifies all assets not meeting the above conditions as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:
   (1) Expected to be settled in the normal business cycle.
   (2) Mainly for trading purpose.
   (3) Expected to be settled within 12 months after the balance sheet date.
   (4) The repayment period cannot be unconditionally deferred to at least 12 months after the balance sheet date. If the terms about liabilities can be paid off by issuing equity instruments as per the choice of the counterparty, the categorization is not affected.

   The Group classifies all liabilities that do not meet the above conditions as non-current.

(VI) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a fixed amount of cash at any time with little risk of changes in value. Time deposits that meet the definition above and mature within three months from the date of acquisition and are held to meet short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss (FVTPL)

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Group adopts transaction day accounting for financial assets measured at fair value through profit and loss in conformity with trading practices.
3. The Group measures their fair values at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profits or losses are recognized in profit or loss.

(VIII) Financial assets at FVTOCI

1. Refers to an irrevocable choice made at the time of original recognition to recognize the changes in the fair value of the equity instrument investment held not for trading in other comprehensive profit or loss.
2. The Group adopts the transaction day accounting for financial assets measured at fair value through other comprehensive income in conformity with trading practices.
3. The group measures their fair value plus transaction costs at the time of original recognition, and is subsequently measured at fair value:

   Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the cumulative gain or loss previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are very likely to inflow, and the dividend amount can be measured reliably, the Group recognizes dividend income in profit or loss.

(IX) Accounts and notes receivable

1. Refer to the accounts and notes for which the contract provides for the unconditional right to receive the amount of consideration obtained from the transfer of goods or services.

2. For short-term accounts and notes receivable without interest payment, due to the insignificant discount effect, the Group measured the value based on the original invoice amount.
3. The business model of the accounts receivable that the Group expects to sell is for the purpose.

(X) Impairment of financial assets

On each balance sheet date, the Group, with respect to financial assets measured at amortized cost and accounts receivable containing major financial components, considers all reasonable and supporting information (including forward-looking ones). Where the credit risk has not increased significantly since the original recognition, the loss allowance shall be measured at the 12-month expected credit loss amount; where the credit risk has increased significantly since the original recognition, the loss allowance shall be measured at the expected credit loss amount throughout the duration. For the accounts receivable that do not contain significant financial components, the allowance for loss is measured at the expected credit losses throughout the duration.

(XI) Derecognition of financial assets

The Group will de-recognize financial assets when one of the following conditions is met:
1. Invalidation of the contractual right to receive cash flows from financial assets.
2. The contractual rights over the cash flows of financial assets are transferred, and almost all risks and rewards of ownership of the financial assets have been transferred.
3. The Company has transferred the contractual rights over the cash flows of financial assets, but has not retained control over the financial assets.

(XII) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not include borrowing costs. Where the lower cost and net realizable value, the itemized comparison method is adopted. Net realizable value is the balance from the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs required to complete the sale.

(XIII) Investment under equity method - Affiliated companies

1. Affiliated companies are entities over which the Group has significant influence but no control. Generally, the Group holds more than 20% of their shares with voting rights directly or indirectly. The Group's investment in an affiliated company is accounted for under the equity method and is recognized at time of acquisition at cost.
2. The Group recognizes the share of profit or loss of the affiliated company as the current profit and loss, and recognizes the share of other comprehensive income after the acquisition as other comprehensive income. If the Group's share of losses on any affiliated company equals or exceeds its equity in the said affiliated company (including any other unsecured receivables), the Group will not recognize further losses, unless the Group incurs statutory

obligations, constructive obligations, or payments made on behalf of them.

3. When there is an equity change in the non-profit and loss and other comprehensive income in the affiliated company with no impact on the shareholding ratio of the affiliated company, the group will recognize all the equity changes as "capital reserve" according to the shareholding ratio.
4. The unrealized profits or losses arising from transactions between the Group and an affiliate have been written off proportionally to the equity the Group holds in the said affiliate. Unless evidence shows that assets transferred through the said transaction are impaired, unrealized losses are written off, too. Accounting policies of affiliated companies have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. If the Group fails to subscribe or acquire new shares in proportion to the issuance of new shares, resulting in a change in the investment proportion but still a significant influence on the affiliate, the increase or decrease in the change in the net value of equity shall be the adjustment of the "Capital Surplus" and "Equity-Method Investment." If the proportion of investment decreased as a result, except for the above adjustment, related to the decrease in ownership interest and has been recognized in the profit or loss of other comprehensive income before, and the profit or loss must be reclassified to profit and loss during the disposal of related assets or liabilities, if any, is reclassified to profit or loss proportionally.
6. When the Group disposes of an associate, if it loses its material influence on the associate, for all amounts recognized in other comprehensive income related to the associate, its accounting treatment will be the same as if the group directly disposes of the relevant assets or liabilities. On the same basis, i.e. if the gain or loss previously recognized as other comprehensive income will be reclassified as profit or loss when the related assets or liabilities are disposed, losing material influence on the affiliates, the profit or loss is reclassified from equity to profit or loss. If it still has significant influence on the affiliated company, only the amount recognized previously in other comprehensive income shall be transferred out proportionally.

(XIV) Property, plant, and equipment

1. Property, plant, and equipment are recorded at the acquisition cost.
2. Subsequent costs are included in the book value of assets or recognized as a separate asset only when the future economic benefits related to the project are likely to flow into the Group and the cost of the project can be measured reliably. The book value of replacements shall be de-recognized. All other maintenance expenses are recognized as income at the time of occurrence.
3. Property, plant, and equipment are subsequently measured at cost. Except for land, no depreciation is made, whereas depreciation is calculated using the straight-line method over the estimated useful years. If the components of property, plant and equipment are significant, they are separately depreciated.
4. The Company examines the residual value, useful lives and depreciation methods of each asset at the end of each fiscal year. If the residual value and useful lives are different from the estimates, or if there is a material change in the expected consumption pattern of future economic benefits of the asset, the effect shall be treated in accordance with the provisions

of IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates" from the date of the occurrence of the changes.

The durability of each asset is as follows:

Houses and buildings	3 to 26 years
Machinery and equipment	2 to 5 years
Office equipment	1 to 6 years
Other equipment	1 to 6 years

(XV) Lease transactions with lessees - right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Group. When the lease contract is a short-term lease or lease of a low-value target asset, the lease payment shall be recognized as expenses during the lease period using the straight-line method.
2. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted current value of the Group's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable.

   Subsequently, the interest method is adopted and measured by the after-amortization cost, and interest expenses are provided during the lease period. When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be re-measured.
3. The right-of-use assets are recognized at cost on the lease start date, and the cost includes the initially measured amount of the lease liabilities.

   The subsequent measurement is based on the cost model, and the depreciation expense is recognized when the service life of the right-of-use assets expires or the lease term expires, whichever is earlier. When the lease liabilities are reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.
4. For the lease modification that reduces the scope of the lease, the lessee will reduce the book value of the right-of-use assets to reflect the partial or full termination of the lease, and recognize the difference between the re-measured amount of the leasehold and the lease liabilities in profit or loss.

(XVI) Intangible assets

1. The royalty is recognized at the acquisition cost and amortized over the effective years of the contract.
2. Computer software is recognized at the cost of acquisition and amortized using the straight-line method over 1 to 6 years of estimated durability.

(XVII) Impairment of non-financial assets

On the Balance Sheet date, the Group estimates the recoverable value of assets with signs of impairment. When the recoverable value is less than the book value, the impairment loss is recognized. Recoverable amount is the higher of the fair value of an asset less the disposal cost or the use value, whichever is higher. When the impairment of assets recognized in the previous year does not exist or decrease, the impairment loss will be reversed. However, the increase in the book value of the assets due to the reversal of the impairment loss shall not exceed the book value of the asset without the impairment loss recognized less the amount of the depreciation or amortization of the asset.

(XVIII) Borrowings

Refers to short-term borrowings from banks. The group measures their fair value less transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses during the outstanding period according to the amortization procedure in profit or loss.

(XIX) Accounts payable

1. Refers to liabilities arising from the purchase of raw materials, commodities, or labor services on credit and accounts payable arising from business and non-business reasons.
2. For short-term accounts payable with unpaid interest, the impact of discounting is small, and the Group measures them at the original invoice amount.

(XX) Financial liabilities measured at fair value through profit or loss

1. Financial liabilities held for trading with the main purpose of repurchasing in the near future and derivatives other than those designated as hedging instruments according to hedge accounting.
2. The Group measures their fair values at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profits or losses are recognized in profit or loss.

(XXI) Derecognition of financial liabilities

The Group will derecognize financial liabilities when the contractual obligation is fulfilled, canceled or expired.

(XXII) Non-hedging derivative instruments

Non-hedging derivatives are measured at the fair value on the contract signing date at the time of original recognition, and recognized as financial assets or liabilities measured at fair value through income; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.

(XXIII) Employee benefit

1. Short-term employee benefits

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

2. Pension fund

   (1) Determined contribution plan

   For the defined contribution plan, the amount to be allocated to the pension fund is recognized as the pension cost in the current period on an accrual basis. Prepaid contribution is recognized as assets to the extent of refundable in cash or reduced in future payments.

(2) Defined benefit plan

A. The net obligation under the defined benefit plan is calculated by discounting the future benefit amount earned by the employee in the current period or in the past, and the fair value of the plan asset is deducted from the present value of the defined benefit obligation on the balance sheet date. An actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate is the market yield rate of the government bonds (at the balance sheet date) with the same currency and duration as the defined benefit plan on the balance sheet date.

B. The re-measurement generated from the defined benefit plan shall be stated as other comprehensive income in the current period and presented in the retained earnings.

3. Termination benefits

Termination benefits are the benefits provided upon termination of employment before a normal retirement date or provided by employees upon acceptance of an offer of benefits in exchange for the termination of employment. The Group will not state the benefits as expenses until the offer of benefits cannot be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits in full 12 months after balance sheet date will be discounted.

4. Remuneration to employees and directors

The remuneration of employees and directors is recognized as expenses and liabilities when they have legal or constructive obligations and the value can be reasonably estimated. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

(XXIV) Income tax

1. Income tax expenses include current and deferred income tax. Income tax is recognized in profit or loss, except for the income tax related to the items recognized in other comprehensive profit or loss or recognized directly in equity and recognized in other comprehensive profit or loss or directly recognized in equity, respectively.
2. The current income tax is calculated according to the tax rate that has been enacted or substantially enacted in the countries where the Group is operating and generating taxable income on the balance sheet date. The management regularly evaluates the status of income tax filings for applicable income tax laws and regulations, and estimates income tax liabilities based on the taxes expected to be paid to the tax authorities, if applicable. The income tax for undistributed earnings that is levied in accordance with the Income Tax Act is to be recognized in undistributed earnings income tax expenses in accordance with the actual distribution of earnings in the year following the year in which the earnings are generated, after the proposal for distribution of earnings is passed at the shareholders' meeting.
3. The balance sheet method is adopted for deferred income tax, and the temporary difference generated between the tax bases of assets and liabilities and the book value in the consolidated balance sheet is recognized. If the deferred income tax arises from the initial recognition of assets or liabilities in a transaction (excluding business merger), and the accounting profit or taxable income (taxable loss) is not affected by the transaction, and does not generate equivalent taxable amount and deductible temporary differences, the deferred income tax shall not be recognized. Taxable temporary difference generated from investment

in subsidiaries and affiliates, of which the time of reverse is controllable by the Group and which is not likely to be reversed in the foreseeable future, shall not be recognized. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the balance sheet date and is expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.

4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to offset against future taxable income, and the unrecognized and recognized deferred income tax assets shall be re-evaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset against each other when the Company has the legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis or realize assets and settle liabilities simultaneously. When there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and the deferred income tax assets and liabilities are levied by the same tax authority for the same tax subject, or different tax subjects resulted, but each tax subject intends for the deferred income tax assets and liabilities to offset against each other when they are settled on a net basis or the assets and liabilities are realized at the same time.

(XXV) Share capital

Common shares are classified as equity. The incremental cost directly attributable to the issuance of new shares or stock warrants, net of income tax, is stated as a deduction in equity.

(XXVI) Distribution of dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders' meeting decides to distribute such dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and recognized as common stock on the base date of issuance of new shares.

(XXVII) Recognition of income

Sales of goods

1. The Group manufactures and sells LED and other related products. The sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer and the Group has no outstanding performance obligation that may affect the customer in accepting the product. When the product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product according to the sales contract, or there is objective evidence to prove that all acceptance criteria have been met.
2. Accounts receivable are recognized when the goods are delivered to the customer. Since then, the group has unconditional rights to the contract price, and the consideration can be collected from the customer after a certain period of time.

(XXVIII) Government grants

Government grants are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government grant and will receive the grant. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Group, the government subsidies shall be recognized as current profit or loss on a systematic basis during the period when the relevant expenses are incurred.

(XXIX) Operational department

The information of the Group's operating segments is reported consistently with the internal management reports provided to major operational decision-makers. The chief operational decision-makers are responsible for allocating resources to operating departments and evaluating their performance.

V. Major sources of significant accounting judgments, estimates, and assumptions uncertainty

When the Group prepared this consolidated financial report, the management has used its judgment to determine the adopted accounting policies, and made accounting estimates and assumptions based on the reasonable expectation of future events based on the situation on the balance sheet date. The significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. These estimates and assumptions contain risks that may result in significant adjustments to the book values of assets and liabilities in the next fiscal year. Please see below for a detailed description of the uncertainty of significant accounting judgments, estimates, and assumptions:

(I) Important judgments adopted for accounting policies

None.

(II) Important accounting estimates and assumptions

Valuation of inventories

Because inventories must be priced at the lower of the cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories on the balance sheet date. Due to the large number of competitors in mainland China, commodity prices are susceptible to fluctuations or product sales are not as good as expected. The Group assesses the amount of inventory on the balance sheet date due to normal wear and tear, obsolescence, or no market sales value, and writes off the cost of the inventories against it to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

On December 31, 2023, the book value of the Group's inventories amounted to NT$178,789.

VI. Description of important accounting items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash in stock and petty cash	$ 25	$ 25
Checking and demand deposits	461,292	321,966
Time deposit	927,115	1,061,065
	$ 1,388,432	$ 1,383,056

1. The financial institutions that the Group does business with have good credit quality, and the Group does business with multiple financial institutions to diversify credit risk, and the possibility of expected default is very low.

2. The Group does not put cash and cash equivalents up for pledge.

(II) Financial assets and liabilities at FVTPL

Assets management	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives		
-Forward Exchange Contract	$ 5,670	$ 3,980
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-listed, OTC, or emerging stocks	$ 40,619	$ 40,619
Adjustment of evaluation	(40,619)	(40,619)
	$ -	$ -

Liabilities items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities held for trading		
Derivatives		
-Forward Exchange Contract	($ 1,161)	($ 1,714)

1. The details of financial assets and liabilities measured at fair value through profit and loss recognized in profit and loss are as follows:

	2023	2022
Financial assets mandatorily measured at fair value through profit or loss and available-for-sale financial liabilities		
Derivatives	($ 2,981)	($ 16,879)

2. The transaction and contract information of derivative financial assets and liabilities not subject to hedging accounting are explained as follows:

	December 31, 2023	
Derivative financial assets (liabilities)	Contract amount (Nominal principal amount) ($ in Thousand)	Duration of the contract
Current items:		
Forward Exchange Contract		

Sell USD and buy NTD	US Dollars	7,333	2023/10/13~2024/03/22
Sell USD and buy JPY	Japanese Yen	50,500	2023/10/26~2024/01/23
Sell CNY to buy NTD	CNY	5,100	2023/11/10~2024/05/24
Sell CNY and buy USD	CNY	12,500	2023/09/19~2024/05/14

	December 31, 2022		
Derivative financial assets (liabilities)	Contract amount (Nominal principal amount) ($ in Thousand)		Duration of the contract
Current items:			
Forward Exchange Contract			
Sell USD and buy NTD	US Dollars	8,000	2022/09/16~2023/04/24
Sell USD and buy JPY	Japanese Yen	24,300	2022/12/22~2023/02/08
Sell CNY to buy NTD	CNY	2,000	2022/12/05~2023/01/30
Sell CNY and buy USD	CNY	21,500	2022/07/12~2023/05/25

The foreign exchange forward transactions entered into by the Group are pre-sale forward transactions to avoid the exchange rate risk of export proceeds; the foreign exchange swaps contract is for currency exchange at a fixed exchange rate, and hedge accounting is not applied to meet the need for capital dispatch.

3. For information on the credit risk of financial assets and liabilities at fair value through profit and loss, please refer to Note 12 (2).

(III) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 9,619	$ 25,179
Accounts receivable	$ 445,874	$ 332,920
Less: Allowance for losses	(5,923)	(2,500)
	$ 439,951	$ 330,420
Accounts receivable - related parties	$ 134,595	$ 123,967
Less: Allowance for losses	(1,263)	(1,043)
	$ 133,332	$ 122,924

1. Aging analysis of accounts and notes receivable (including related parties) are as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	$ 551,921	$ 9,619	$ 438,401	$ 25,179
Within 30 days of overdue	19,767	-	2,277	-
Past Due 31-60 Days	8,781	-	869	-
Past due 61-90 days	-	-	15,340	-
	$ 580,469	$ 9,619	$ 456,887	$ 25,179

The above is an aging analysis based on the number of overdue days.

2. The balance of notes and accounts receivable (including related parties) as of December 31, 2023 and 2022 were generated from contracts with customers and the balance and allowance for loss of the accounts receivable (including related parties) from contracts on January 1, 2022 amounted to NT$1,266,297 and NT$11,820, respectively.
3. Without considering the collateral or other credit-enhancing collaterals held, the measure that best represents the exposure to the Group's notes and accounts receivable (including related parties) with the highest credit risk, the risk exposure amounted to NT$582,902 and NT$478,523 on December 31, 2023 and December 31, 2022, respectively.
4. As of December 31, 2023 and 2022, the amount of accounts receivable transferred to collection (stated as other non-current assets) amounted to NT$483,578 and NT$483,948 respectively, which had been fully provided against loss; and in 2023 and 2022, the provision (reversal) of allowance for losses collection (stated as other non-current assets) was (NT$370) and (NT$30), respectively.
5. In order to increase the credit limit of some customers, the Group obtained guarantee letters of credit and guarantee deposits from some customers.
6. For credit risk information of notes and accounts receivable (including related parties), please see Note 12 (2).

(IV) Transfer of financial assets

The Company signed an accounts receivable transfer contract with Taipei Fubon Bank on November 3, 2020. According to the contract, the Company does not have to bear the risk of uncollectible accounts receivable, but only needs to bear the losses resulting from commercial disputes. The Company has not had any continuing involvement in the transferred accounts receivable. Therefore, the Company de-recognized the selling accounts receivable and the relevant information not due yet is as follows:

Unit: NTD thousand

December 31, 2023

Target for sale	Amount of selling accounts receivables	Derecognition amount	Amount paid in advance	Permissible advance payment	The interest rate range of the prepaid amount
Taipei Fubon Bank	USD 3,090	USD 3,090	USD 2,627	US Dollar -	6.36%~6.48%

December 31, 2022

Target for sale	Amount of selling accounts receivables	Derecognition amount	Amount paid in advance	Permissible advance payment	The interest rate range of the prepaid amount
Taipei Fubon Bank	USD 2,997	USD 2,997	USD 2,548	US Dollar -	5.34%~5.84%

As of December 31, 2023 and 2022, the selling accounts receivable assigned by the Company included retentions of NT$14,234 and NT$13,802, respectively, which had been transferred to other receivables.

(V) Inventory

December 31, 2023

	Cost	Allowance for devaluation losses	Book value
Raw materials	$ 56,770	($ 18,898)	$ 37,872
Work-in-progress	67,732	(17,830)	49,902
Finished goods	104,495	(19,660)	84,835
Merchandise inventory	6,804	(624)	6,180
	$ 235,801	($ 57,012)	$ 178,789

December 31, 2022

	Cost	Allowance for devaluation losses	Book value
Raw materials	$ 61,161	($ 28,926)	$ 32,235
Work-in-progress	87,584	(32,681)	54,903
Finished goods	104,811	(39,860)	64,951
Merchandise inventory	13,444	(1,799)	11,645
	$ 267,000	($ 103,266)	$ 163,734

Inventory cost recognized as expenses and losses by the Group in the current period:

	2023	2022
Cost of sold inventory	$ 1,588,343	$ 2,026,026
Loss of idle capacity	53,289	70,340
Loss on inventory devaluation (gain on recovery) (Note)	(41,949)	17,488
Income from sale of scraps	(9,660)	(10,550)
	$ 1,590,023	$ 2,103,304

Note: The recovery of gains in 2023 was mainly due to the fact that the Group actively disposed of idle inventories.

(VI) Financial assets at FVTOCI

	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed company stock	$ 171,532	$ 171,100
Emerging stocks	20,032	-
Non-listed, OTC, or emerging stocks	-	20,032
	191,564	191,132
Adjustment of evaluation	14,390	(50,200)
	$ 205,954	$ 140,932

1. The Group chose to classify the equity instrument investment that is a strategic investment into financial assets measured at fair value through other comprehensive income. The fair value of these investments as of December 31, 2023 and 2022 were NT$205,954 and NT$140,932, respectively.
2. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2023	2022
Equity instruments at FVTOCI		
Changes in fair value recognized in other comprehensive income	$ 64,590	($ 75,607)
Dividend income recognized in profit or loss held at the end of the period	$ 313	$ 3,075

3. For information on the credit risk of financial assets at fair value through other comprehensive income, please refer to Note 12 (2).

(VII) Investment under equity method - Affiliated enterprise

1. Statement of changes and details are as follows:

	2023	2022
January 1	$ 5,554	$ 11,257
Disposal of investment under equity method	-	(4,577)
Share of investment income accounted for using equity method	4,299	3,059
Investment earnings distribution under equity method	(3,517)	(4,423)
Other changes in equity	(114)	238
December 31	$ 6,222	$ 5,554

	December 31, 2023	December 31, 2022
ELUX, Inc.（ELUX）	$ 24,953	$ 24,953
Guangdong Kai Chuang Display Technology Co., Ltd. (Guangdong Kai Chuang)	6,222	5,554
Accumulated impairment	(24,953)	(24,953)
	$ 6,222	$ 5,554

(1) Due to the poor operation of ELUX, Inc., the value of investment had indeed been impaired, so the Company recognized impairment loss of $24,953 in 2019.

(2) The Company disposed of the equity of the Company's affiliated enterprise, An Qing Xin Kairong Optoelectronics Material Technology Co., Ltd., in December 2022. The shareholding ratio was reduced from 20% to 0%.
The disposal consideration was NT$5,089.

2. Share of profit or loss on affiliates accounted for using the equity method:

	2023	2022
An Qing Xin Kairong	$ -	($ 822)
Guangdong Kai Chuang	4,299	3,881
	$ 4,299	$ 3,059

3. The book value and operating result share of the Group's individual non-material affiliates are summarized as follows:

As of December 31, 2023 and 2022, the book values of the individual non-material associates of the Group amounted to NT$6,222 and NT$5,554, respectively.

	2023	2022
Net income for the period	$ 4,299	$ 3,059
Other comprehensive income (net amount after tax)	(114)	238
Total comprehensive income (loss)	$ 4,185	$ 3,297

(VIII) Property, plant, and equipment

	2023													
		Land		Housing and construction		Machinery and equipment		Office equipment		Other equipment		Unfinished construction and equipment pending inspection		Total
January 1														
Cost	$	160,357	$	790,087	$	1,906,115	$	74,369	$	305,789	$	24,448	$	3,261,165
Accumulated depreciation and impairment		-	(	418,770)	(	1,681,480)	(	59,932)	(	276,466)		-	(	2,436,648)
	$	160,357	$	371,317	$	224,635	$	14,437	$	29,323	$	24,448	$	824,517
January 1	$	160,357	$	371,317	$	224,635	$	14,437	$	29,323	$	24,448	$	824,517
Increase		-		-		-		-		-		41,847		41,847
Reclassified (Note)		-		8,546		28,439		481		6,176	(	47,324)	(	3,682)
Depreciation expenses		-	(	51,336)	(	76,310)	(	5,401)	(	17,788)		-	(	150,835)
Impairment loss		-		-	(	805)	(	239)	(	8,724)		-	(	9,768)
Net exchange difference		-		-	(	1)	(	12)	(	22)	(	115)	(	150)
December 31	$	160,357	$	328,527	$	175,958	$	9,266	$	8,965	$	18,856	$	701,929
December 31														
Cost	$	160,357	$	798,633	$	1,916,605	$	74,766	$	310,742	$	18,856	$	3,279,959
Accumulated depreciation and impairment		-	(	470,106)	(	1,740,647)	(	65,500)	(	301,777)		-	(	2,578,030)
	$	160,357	$	328,527	$	175,958	$	9,266	$	8,965	$	18,856	$	701,929

	2022						
	Land	Housing and construction	Machinery and equipment	Office equipment	Other equipment	Unfinished construction and equipment pending inspection	Total
January 1							
Cost	$ 160,357	$ 766,401	$ 1,964,997	$ 74,504	$ 280,221	$ 48,818	$ 3,295,298
Accumulated depreciation and impairment	-	(368,259)	(1,712,795)	(54,408)	(244,868)	-	(2,380,330)
	$ 160,357	$ 398,142	$ 252,202	$ 20,096	$ 35,353	$ 48,818	$ 914,968
January 1	$ 160,357	$ 398,142	$ 252,202	$ 20,096	$ 35,353	$ 48,818	$ 914,968
Increase	-	-	-	-	-	104,339	104,339
Disposal	-	-	(535)	-	-	-	(535)
Reclassified (Note)	-	23,687	74,505	1,107	27,712	(128,720)	(1,709)
Depreciation expenses	-	(50,512)	(95,343)	(6,768)	(33,856)	-	(186,479)
Impairment loss	-	-	(6,197)	-	-	-	(6,197)
Net exchange difference	-	-	3	2	114	11	130
December 31	$ 160,357	$ 371,317	$ 224,635	$ 14,437	$ 29,323	$ 24,448	$ 824,517
December 31							
Cost	$ 160,357	$ 790,087	$ 1,906,115	$ 74,369	$ 305,789	$ 24,448	$ 3,261,165
Accumulated depreciation and impairment	-	(418,770)	(1,681,480)	(59,932)	(276,466)	-	(2,436,648)
	$ 160,357	$ 371,317	$ 224,635	$ 14,437	$ 29,323	$ 24,448	$ 824,517

Note: The reclassifications in 2023 and 2022 were mainly of the transfer out to intangible assets and the recognition of expenses.

1. The properties, plants, and equipment referred to above are assets held for own use.
2. The Group did not pledge any property, plant and equipment or capitalize the interest thereof.
3. Please refer to Note 6 (11) for the status of impairment of property, plant and equipment.

(IX) Lease transaction - Lessee

1. The underlying assets of the Group include land, buildings, machinery and equipment. The lease contract is usually for a period of 1 to 5 years. The lease contracts are negotiated individually and contain various terms and conditions. There are no other restrictions except that the leased assets may not be used as a loan guarantee.
2. The machinery and equipment leased by the Group with the lease period not exceeding 12 months and the target assets leased of low value are machinery and equipment and are not included in the right-of-use assets.
3. The information about the book value of the right-of-use assets and the recognized depreciation expenses is as follows:

	December 31, 2023		
	Cost	Accumulated depreciation	Book value
Land	$ 3,160	($ 1,755)	$ 1,405
House	16,100	(2,885)	13,215
Machinery and equipment	31,949	(5,325)	26,624
	$ 51,209	($ 9,965)	$ 41,244

	December 31, 2022		
	Cost	Accumulated depreciation	Book value
Land	$ 3,160	($ 702)	$ 2,458
House	36,065	(4,214)	31,851
	$ 39,225	($ 4,916)	$ 34,309

	2023	2022
	Depreciation expenses	Depreciation expenses
Land	$ 1,053	$ 1,056
House	7,987	4,133
Machinery and equipment	5,325	-
	$ 14,365	$ 5,189

4. The increase in the Group's right-of-use assets in 2023 and 2022 were NT$45,453 and NT$38,182, respectively.

5. The information on profit and loss items related to lease contracts is as follows:

	2023	2022
Items affecting current profit and loss		
Interest expense of lease liabilities	$ 1,130	$ 364
Expenses of short-term lease contracts	1,530	937
Expenses of low-value asset lease	402	449
Gains on lease modification	704	-

6. The total cash outflow from the leases of the Group in 2023 and 2022 amounted to NT$12,146 and NT$6,515, respectively.

(X) Intangible assets

	2023		
	Royalties	Computer software	Total
January 1			
Cost	$ -	$ 70,902	$ 70,902
Accumulated amortization	-	(61,915)	(61,915)
	$ -	$ 8,987	$ 8,987
January 1	$ -	$ 8,987	$ 8,987
Increase	147,672	-	147,672
Reclassification	-	255	255
Amortized expenses	(36,918)	(5,203)	(42,121)
December 31	$ 110,754	$ 4,039	$ 114,793
December 31			
Cost	$ 147,672	$ 71,157	$ 218,829
Accumulated amortization	(36,918)	(67,118)	(104,036)
	$ 110,754	$ 4,039	$ 114,793

	2022		
	Royalties	Computer software	Total
January 1			
Cost	$ 107,611	$ 69,745	$ 177,356
Accumulated amortization	(87,423)	(55,775)	(143,198)
	$ 20,188	$ 13,970	$ 34,158
January 1	$ 20,188	$ 13,970	$ 34,158
Reclassification	-	1,157	1,157
Amortized expenses	(20,188)	(6,140)	(26,328)
December 31	$ -	$ 8,987	$ 8,987
December 31			
Cost	$ -	$ 70,902	$ 70,902

Accumulated amortization	-	(61,915)	(61,915)
	$ -	$ 8,987	$ 8,987

The details of amortization of intangible assets are as follows:

	2023	2022
Operating cost	$ 467	$ 407
Sales and marketing expenses	36,919	20,188
Administrative expenses	3,902	4,900
R&D expenses	833	833
	$ 42,121	$ 26,328

(XI) Impairment of non-financial assets

The total amount of impairment loss recognized by the Group in 2023 and 2022 was NT$9,768 and NT$6,197, respectively, and the details are as follows:

	2023	
	Recognized in current profit and loss	Recognized in other comprehensive income
Impairment loss - machinery and equipment	$ 805	$ -
Impairment loss - office equipment	239	-
Impairment loss - other equipment	8,724	-
	$ 9,768	$ -

	2022	
	Recognized in current profit and loss	Recognized in other comprehensive income
Impairment loss - machinery and equipment	$ 6,197	$ -

(XII) Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	$ 95,394	$ 101,218
Payable outsourcing fees	47,518	26,238
Premiums payable	46,045	8,513
Payables for equipment	18,097	22,005
Labor and health insurance and pension payable	16,629	17,992
Payable commission	13,224	11,534
Others	50,788	61,066
	$ 287,695	$ 248,566

(XIII) Long-term notes and payables

	December 31, 2023	December 31, 2022

Premiums payable	$ 79,833	$ -
Less: Due within one year	(33,776)	-
	$ 46,057	$ -

(XIV) Pension fund

1. (1) The Company has established the retirement policy with defined welfare in accordance with the "Labor Standards Act", which is applicable to the years of service of all regular employees before the "Labor Pension Act" went into effect on July 1, 2005; and the years of service of employees who elect to continue applying the Labor Standards Act after the implementation of the "Labor Pension Act." If an employee is eligible for retirement, the pension payment is based on the service years and the average salary of 6 months prior to retirement. Two base figures are given for each full year of service within 15 years, and one base figure will be granted after completing one year, but the cumulative maximum shall be limited to 45 base figures. The Company appropriates 2% of the total salary on a monthly basis to the pension fund, which is deposited with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, the Company estimates the balance of the aforementioned special accounts for labor pension before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

   (2) The Company agreed with employees to settle all defined benefit retirement liabilities in October 2022, settled the old system tenure and re-actuarial valuation, recognized related gain or loss on settlement and net re-measurement of defined benefit assets. The Company was allowed by the competent authority in May 2023 to retrieve the remaining amount in the labor pension reserve account.

   (3) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ -	$ -
Fair value of planned assets	-	20,757
Net defined benefit assets	$ -	$ 20,757

   (4) Changes in net defined benefit assets are as follows:

	2023		
	Present value of defined benefit obligation	Fair value of planned assets	Net defined benefit assets
January 1	$ -	$ 20,757	$ 20,757
Retrieval of labor pension reserve	-	(20,757)	(20,757)
December 31	$ -	$ -	$ -

	2022		
	Present value of defined benefit obligation	Fair value of planned assets	Net defined benefit assets
January 1	($ 19,972)	$ 32,299	$ 12,327

Interest (expense) income	(139)	226	87
Gains or losses on settlement	2,021	-	2,021
	(18,090)	32,525	14,435
Re-measurement:			
Return on planned assets (excluding the amount included in the interest income)	-	2,391	2,391
Adjustment of experience	3,092	-	3,092
	3,092	2,391	5,483
Appropriation of pension fund	-	839	839
Payment of pension	14,998	(14,998)	-
December 31	$ -	$ 20,757	$ 20,757

(5) The assets of the Company's defined benefit pension plan are invested by the Bank of Taiwan according to the fund's annual investment and utilization plan and within the scope of the ratio and amount of money, and are approved pursuant to Article 6 of the "Regulations Governing the Revenues, Expenditures, Custodianship and Utilization of Labor Pension Funds" (i.e. deposit in domestic and foreign financial institutions, investment in domestic and foreign listed, over-the-counter, or privately placed equity securities, and investment in domestic and foreign real estate securitization products), the related utilization is supervised by the Labor Pension Fund Supervisory Committee. In using the Fund, the minimum return from annual account settlement shall not fall below the return from interest paid by local banks on 2-year time deposits. If there are deficiencies, the national treasury shall make up the difference after approval by the competent authority. As the Company was not entitled to participate in the operation and management of the fund, it was impossible for the Company to disclose the classification of the fair value of the planned assets in accordance with IAS 19 and paragraph 142. The fair value comprising the total assets of the fund as of December 31, 2022, is stated in the labor pension fund utilization report announced by the government for the respective years.

2. (1) Since July 1, 2005, the Company has established the regulation for defined contribution plan in accordance with the "Labor Pension Act", which is applicable to employees of Taiwan nationality. For employees choosing the labor pension system under the "Labor Pension Act", the Company contributes 6% of the monthly salary to the personal accounts of the employees with the Labor Insurance Bureau. The pension is paid according to the individual pensions of the employees. The amount of accumulated income and accumulated income is withdrawn as monthly pension or lump sum.

(2) For the subsidiaries in Mainland China, according to the endowment insurance system stipulated by the People's Republic of China, the Company contributes a certain percentage of the total salary of the local employees to the endowment insurance on a monthly basis. The pension fund of each employee is managed and arranged by the local government, and the subsidiaries have no further obligation other than the monthly contribution.

(3) In 2023 and 2022, the Group recognized pension cost amounting to NT$27,132 and $27,898, respectively, in accordance with the above regulations governing the recognition of pension fund.

(XV) Share capital

1. As of December 31, 2023, the Company's rated capital was NT$2,400,000 and the paid-in capital was NT$1,445,480 with a par value of NT$10 per share. All issues paid for the Company's shares have been received.
2. The outstanding common stock (in thousands) at the beginning and end of the term is adjusted as follows:

	2023	2022
January 1 (i.e. December 31)	144,548	144,548

(XVI) Capital Surplus

Pursuant to the Company Act, the premium from the issuance of shares above par value and the additional paid-in capital from the receipt of gifts may be used to make up for the losses. When the Company has no accumulated losses, new shares or cash are issued to shareholders in proportion to their existing shares. In addition, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above shall not exceed 10% of the paid-in capital each year. The company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XVII) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has earnings concluded each year, after paying taxes, the losses from previous years shall first be offset and then 10% of the remaining earnings shall be appropriated as legal reserves. The Company also makes provision or reversal of special reserve, if any, along with the accumulated undistributed earnings of the previous year in accordance with Article 41 of the Securities and Exchange Act.
2. The Company determines its future development and growth stage; establishes a sound financial structure; and protects the rights and interests of shareholders. The dividend distribution policy adopts cash and share method. The share dividend accounts for not more than half of all dividends in principle. The above ratio is adjusted according to the circumstances.
3. The legal reserve cannot be used for purposes other than to cover the accumulated losses of the company and for issuance of new shares or cash to shareholders in proportion of their original shareholding percentage, provided that the balance of the reserve exceeds 25% of the Company’s paid-in capital.

4. When the Company distributes earnings, it is required by laws and regulations to set aside a special reserve for the debit balance of other equity items on the balance sheet date of the current year before distribution. When the debit balance of other equity items is subsequently reversed, the amount of reversal may be included in the earnings available for distribution.

5. The Company passed the motion for offsetting deficits in 2022 at the shareholders' meeting on June 28, 2023. NT$26,853 was made up for the losses with legal reserve.

6. The Company's shareholders' meeting on June 29, 2022 resolved the 2021 profit distribution proposal as follows:

	2021	
	Amount	Dividend per share (NTD)
Legal reserves	$ 19,446	
Cash dividends	65,047	$ 0.45
	$ 84,493	

(XVIII) Operating Revenue

	2023	2022
Revenue from customer contracts	$ 1,972,624	$ 2,410,672

1. Breakdown of revenue from contracts with customers

The income of the Group comes from the transfer of goods at a certain point in time. The income can be subdivided into the following geographical regions:

	2023	2022
Revenue from contracts with external customers		
China	$ 1,452,306	$ 1,889,966
Vietnam	168,229	129,728
Taiwan	81,187	131,747
Hong Kong	78,425	108,746
USA	72,367	78,852
Turkey	67,303	12,194
South Korea	26,291	34,638
Others	26,516	24,801
	$ 1,972,624	$ 2,410,672

2. Contract liabilities

The contractual liabilities related to the contractual income recognized by the Group are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Sales contract	$ -	$ 112	$ 63

(XIX) Other income

	2023	2022
Rent income	$ 1,924	$ 1,771
Dividend income	313	3,075
Other income	18,750	12,565
	$ 20,987	$ 17,411

(XX) Other gains and losses

	2023	2022
Gain on foreign currency exchange	$ 2,422	$ 27,914
Losses from disposal of property, plant, and equipment	-	(461)
Gains on disposal of investment accounted for using equity method	-	636
Losses on financial assets and liabilities at FVTPL	(2,981)	(16,879)
Impairment losses of property, plant and equipment	(9,768)	(6,197)
Gains on lease modification	704	-
Other losses	-	-
	($ 9,623)	$ 5,013

(XXI) Financial cost

	2023	2022
Interest expense:		
Borrowings from banks	$ 279	$ 129
Lease liabilities	1,130	364
Other financial expenses	4,634	3,057
	$ 6,043	$ 3,550

(XXII) Employee benefits, depreciation and amortization expenses

	2023		
	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefit expenses			
Salary expenses	$ 281,493	$ 211,908	$ 493,401
Labor and national health insurance expenses	32,428	18,597	51,025
Pension expense	13,174	11,781	24,955
Other employee expenses	28,805	12,465	41,270
Depreciation expenses	105,300	47,987	153,287
Amortized expenses	467	41,654	42,121

2022

	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefit expenses			
Salary expenses	$ 353,231	$ 193,695	$ 546,926
Labor and national health insurance expenses	38,157	16,624	54,781
Pension expense	16,202	9,588	25,790
Other employee expenses	36,001	13,011	49,012
Depreciation expenses	149,905	41,763	191,668
Amortized expenses	407	25,921	26,328

Note: Some employee benefits and depreciation expenses are listed in the non-operating income and expense.

1. According to the Company's Articles of Incorporation, if the Company makes a profit at the end of the year, it shall allocate no less than 5% as the remuneration to employees and no more than 0.1% as the remuneration to directors. When the company has accumulated losses, it shall set aside amount to cover the losses first.
2. The Company did not record the net loss after tax for 2023 and 2022, so remuneration to employees and directors was not recognized.
3. The Company's saw a net loss after tax for 2022, so the Board of Directors resolved not to distribute employees ' and directors ' remuneration, which is consistent with the amount recognized in the 2022 financial statements. Information on the employees' and directors' remuneration approved by the Company's Board of Directors is available on the Market Observation Post System.

(XXIII) Income tax

1. Income tax expenses

(1) Components of income tax expense:

	2023	2022
Income tax for the current period:		
Undistributed earnings	$ -	$ 1,033
Underestimated estimated amount of income tax in previous years	460	32
Total income tax for the current period	460	1,065
Deferred income tax:		
Original occurrence and reversal of temporary difference	8,961	107
Income tax expenses	$ 9,421	$ 1,172

(2) Income tax expense (benefit) related to other comprehensive income:

	2023	2022
Re-measurement of defined benefit obligation	($ 2,302)	$ 1,097

2. Relationship between income tax expenses and accounting profit:

	2023	2022
Income tax calculated at statutory rate for net loss (Note)	($ 36,693)	($ 28,360)
Income tax effect of items adjusted in accordance with the tax law	14,712	7,070
Changes in realizable assessment of deferred income tax assets	12,723	21,388
Underestimated estimated amount of income tax in previous years	460	32
Taxable loss not recognized as deferred income tax assets	18,219	1,042
Income tax expenses	$ 9,421	$ 1,172

Note: The applicable tax rate is based on the tax rate applicable to the income in the relevant country.

3. The amounts of deferred income tax assets or liabilities arising from the temporary difference and taxation loss are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
- Deferred income tax assets:				
Temporary difference:				
Unrealized gains on sales	$ 785	($ 545)	$ -	$ 240
Inventory devaluation losses	18,064	(7,654)	-	10,410
Allowance for loss beyond threshold	3,494	(1,138)	-	2,356
Cost of goods sold to be replaced	46	(20)	-	26
Unrealized exchange losses	318	946	-	1,264
Income from government subsidies	705	(470)	-	235
Impairment of investments accounted for using the equity method	4,990	-	-	4,990
Impairment of non-financial assets	12,068	161	-	12,229
Bonus payable for unused leave of absence	3,880	(293)	-	3,587
Premiums payable	-	-	-	-
Tax losses	36,475	4,805	-	41,280
	80,825	(4,208)	-	76,617
- Deferred income tax liabilities:				
Unrealized gains on valuation of financial assets and liabilities	(453)	(449)	-	(902)
Premiums payable	-	(6,153)	-	(6,153)
Defined benefit obligation	(4,151)	1,849	2,302	-
	(4,604)	(4,753)	2,302	(7,055)
	$ 76,221	($ 8,961)	$ 2,302	$ 69,562

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
- Deferred income tax assets:				
Temporary difference:				
Unrealized gains on sales	$ 1,614	($ 829)	$ -	$ 785
Inventory devaluation losses	16,332	1,732	-	18,064
Allowance for loss beyond threshold	3,040	454	-	3,494
Cost of goods sold to be replaced	52	(6)	-	46
Unrealized exchange losses	-	318	-	318

Valuation loss on unrealized financial assets and liabilities	366	(366)	-	-
Income from government subsidies	1,174	(469)	-	705
Impairment of investments accounted for using the equity method	4,990	-	-	4,990
Impairment of non-financial assets	10,999	1,069	-	12,068
Bonus payable for unused leave of absence	4,766	(886)	-	3,880
Premiums payable	1,018	(1,018)	-	-
Set off of losses	36,549	(74)	-	36,475
	80,900	(75)	-	80,825
- Deferred income tax liabilities:				
Unrealized exchange gain	(1,010)	1,010	-	-
Unrealized gains on valuation of financial assets and liabilities	-	(453)	-	(453)
Defined benefit obligation	(2,465)	(589)	(1,097)	(4,151)
	(3,475)	(32)	(1,097)	(4,604)
	$ 77,425	($ 107)	($ 1,097)	$ 76,221

4. The effective term of the Group's unused taxation losses and the relevant amount of unrecognized deferred income tax assets are as follows:

December 31, 2023

Year of occurrence	Amount declared/authorized	Amount yet to be offset	December 31, 2023 Unrecognized amount of deferred income tax assets	Last year of credit
2018	$ 337,523	$ 222,996	$ 222,996	2028
2019	205,350	205,350	205,350	2029
2020	161,644	161,644	161,644	2030
2022	156,212	156,212	49,784	2032
2023	99,968	99,968	-	2033
	$ 960,697	$ 846,170	$ 639,774	

December 31, 2022

Year of occurrence	Amount declared/authorized	Amount yet to be offset	Unrecognized amount of deferred income tax assets	Last year of credit
2018	$ 337,523	$ 222,996	$ 222,996	2028
2019	205,350	205,350	205,350	2029
2020	161,644	161,644	118,781	2030
2022	144,723	144,723	5,210	2032
	$ 849,240	$ 734,713	$ 552,337	

5. Deductible temporary differences of unrecognized deferred income tax assets:

	December 31, 2023	December 31, 2022
Deductible temporary difference	$ 282,739	$ 237,297

6. The Company's profit-seeking enterprise income tax has been assessed and approved by the tax authorities up to 2021, while the profit-seeking enterprise income tax of its subsidiary, Asphetek Solution Inc. is still pending assessment by the tax authorities.

(XXIV)Loss per share

	2023		
	Amount after tax	Weighted average outstanding shares (thousand shares)	Loss per share (NTD)
Basic loss per share			
Net loss for the period attributable to the parent company's common stock shareholders	($ 101,333)	144,548	($ 0.70)

	2022		
	Amount after tax	Weighted average outstanding shares (thousand shares)	Loss per share (NTD)
Basic loss per share			
Net loss for the period attributable to the parent company's common stock shareholders	($ 141,204)	144,548	($ 0.98)

(XXV) Transactions with non-controlling interests

Capital increase in cash by subsidiaries, but not subscribed by the Group according to the shareholding ratio

The Group's subsidiary, Asphetek Solution Inc., issued new shares to increase capital by cash in June 2023. The Group did not subscribe according to the shareholding ratio, so the equity was reduced by 12.67%. The transaction reduced non-controlling interests by NT$2,344, and the equity attributable to owners of the parent increased by NT$2,344. The impacts of changes in the equity of Asphetek Solution Inc. in 2023 on the equity attributed to the parent company are as follows:

	2023
Cash contribution from non-controlling equity	$ 130,000

Increase in the book value of non-controlling interests	(127,656)
Capital surplus - recognition of change in equity of subsidiaries	$ 2,344

(XXVI) Supplementary information on cash flow

Investment activities with partial cash payment:

	2023	2022
Acquisition of property, plant and equipment	$ 41,847	$ 104,339
Add: Payables for equipment, beginning	22,005	30,081
Less: Payables for equipment, ending	(18,097)	(22,005)
Cash paid in current period	$ 45,755	$ 112,415

	2023	2022
Acquisition of intangible assets	$ 147,672	$ -
Add: Premium payable, beginning	-	16,608
Less: royalty payable, ending	(33,776)	-
Long-term notes and accounts payable, ending	(46,057)	-
Cash paid in current period	$ 67,839	$ 16,608

(XXVII) Changes in liabilities from financing activities

	2023	2022	
	Lease liabilities	Short-term borrowings	Lease liabilities
January 1	$ 34,748	$ 52,003	$ 1,319
Net decrease in short-term borrowings	-	(52,003)	-
Repayment of lease principal	(9,084)	-	(4,765)
Other non-cash changes	20,579	-	38,194
December 31	$ 46,243	$ -	$ 34,748

VII. Related party transactions

(I) Related party's name and relationship

Name of Related Party	Relationship with the Group
HON HAI PRECISION IND. CO., LTD. (Note)	Other related party
Hong Fu Tai Precision Electronics (Yantai) Co., Ltd. (Hong Fu Tai Yantai) (Note)	"
Kunshan Fu Cheng Ke Precision Electronics Co., Ltd. (Kunshan Fu Cheng Ke) (Note)	"
Sharp Corporation (Sharp)	"
Sharp Hong Kong Limited. (SHK)	"
Sharp Manufacturing Corporation (M) Sdn. Bhd. (SMM)	"
Nanjing Sharp Electronics Co., Ltd. (Nanjing Sharp)	"
SDP Global (China) Co.,Ltd. (SDP Global)	"
Epileds Technologies, Inc. (Epileds Technologies)	"
ELUX, Inc.	Affiliated companies

Note: Hon Hai Precision Ind. Co., Ltd. and its consolidated entities were originally entities with significant influence over the Company. However, considering the current shareholding ratio and the fact that they do not hold any director positions in the Company, it was evaluated that they no longer have significant influence over the Company. Therefore, in the second quarter of 2023, they were reclassified as other related parties of the Company.

(II) Significant transactions with related parties

1. Operating revenue

	2023	2022
Sales of goods:		
- Entity with significant influence on the Group		
Hon Hai	$ 33,832	$ 263,114
- Other related party		
Hon Hai	172,852	-
Others	164,806	226,447
	$ 371,490	$ 489,561

The price of the Group's sale to the above-mentioned related parties is similar to that of general customers, except when there is no similar transaction to follow, and the terms of the transaction are to be determined by both parties; the payment term to the related parties is 90~120 days; for general customers, 30~120 days after settlement of the current month.

2. Purchase stock

	2023	2022
Purchase of goods:		
- Entity with significant influence on the Group	$ 3,211	$ 9,634
- Other related party	16,542	14,669
	$ 19,753	$ 24,303

Except for the fact that there is no similar transaction to follow, the terms of the transaction are determined by both parties through negotiation. For the rest, the Group bills the purchase to the related party at the prevailing price; the terms of payment to the related party, except for some materials, is payment at sight, and the rest are purchased within 90 to 120 days after settlement of the current month, or within 30 to 120 days after settlement of the current month for suppliers.

3. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
- Entity with significant influence on the Group		
Hon Hai	$ -	$ 67,138
- Other related party		
Hon Hai	72,038	-
Nanjing Sharp	41,687	48,009
Others	20,870	8,820
	134,595	123,967
Less: Allowance for losses	(1,263)	(1,043)
	$ 133,332	$ 122,924
Other receivables:		
Other related party	$ 74	$ 194

4. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
- Entity with significant influence on the Group	$ -	$ 1,108
- Other related party	4,239	3,148
	$ 4,239	$ 4,256

	December 31, 2023	December 31, 2022
Other payable:		
- Entity with significant influence on the Group	$ -	$ 5,702
- Other related party	2,865	1,211
	$ 2,865	$ 6,913

5. Outsourcing fees (stated as operating cost)

	2023	2022
Entities with significant influence on the Group	$ 3,355	$ 15,846
Other related party	6,233	-
	$ 9,588	$ 15,846

6. Rental income (stated as other income)

	2023	2022
Affiliated companies	$ 803	$ 795
Other related party	840	840
	$ 1,643	$ 1,635

The Group rents some offices, machinery and equipment for use by affiliates and other related parties. The rent is negotiated and collected on a monthly basis as agreed by both parties.

(III) Remuneration to the management

	2023	2022
Salary and other short-term employee benefits	$ 13,561	$ 10,492
Benefits after retirement	209	144
	$ 13,770	$ 10,636

VIII. Pledged assets

	Book value		
Assets	December 31, 2023	December 31, 2022	Purpose of guarantee
Refundable deposits (listed in other non-	$ 5,472	$ 5,517	Performance bond

current assets - others)

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingencies

None.

(II) Commitments

1. Capital expenditure contracted but not incurred

	December 31, 2023	December 31, 2022
Property, plant, and equipment	$ 7,806	$ 9,126

2. In order to respond to future business and market changes, the Company signed a LED patent licensing contract with Cree Inc. in December 2019. The contract term is 3 years, and the Company will pay a certain percentage of the royalty based on the sales value. Both parties failed to give written notice to the other party to terminate the contract 6 months prior to the expiry date, and the contract was automatically renewed for another 2 years.
3. The Company signed a phosphor powder licensing contract with a foreign manufacturer in December 2022. According to the agreement, the Company shall pay a certain percentage of the sales amount each year during the contract period as royalty and the royalty when the sales quantity reaches the target.

X. Significant losses from disasters

None.

XI. Materiality after the period

None.

XII. Others

(I) Capital management

The Group's capital management objective is to ensure the Group's sustainable operation, maintain the optimal capital structure, reduce the cost of capital, and provide returns to shareholders.

(II) Financial instruments

1. Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)		
Financial assets mandatorily measured at fair value through profit or loss	$ 5,670	$ 3,980
Financial assets at FVTOCI		
Investment in selected equity instruments	$ 205,954	$ 140,932
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,388,432	$ 1,383,056
Notes receivable	9,619	25,179
Accounts receivable	439,951	330,420
Accounts receivable - related parties	133,332	122,924
Other receivables	24,657	54,459
Refundable deposits (Stated in other non-current assets - others)	5,472	5,517
	$ 2,001,463	$ 1,921,555
Financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities held for trading	$ 1,161	$ 1,714
Financial liabilities measured at amortized cost		
Accounts payable	$ 359,793	$ 331,828
Accounts payable - related parties	4,239	4,256
Other payables	287,695	248,566
Other payables - related parties	2,865	6,913
Long-term notes and payables	46,057	-
	$ 700,649	$ 591,563
Lease liabilities	$ 46,243	$ 34,748

2. Risk management policies

(1) The daily operations of the Group are affected by multiple financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk,

and liquidity risk. In order to reduce the adverse effect on the Group's financial performance resulting from uncertainty, the Group enters into forward exchange contracts and foreign exchange swaps contracts to avoid exchange rate risks.

(2) For risk management, the Group's finance unit works closely with various operating units within the Group to be responsible for identifying, evaluating and hedging financial risks.

(3) For information on derivative instruments to avoid financial risks, please see Note 6 (2).

3. Nature and extent of significant financial risk

(1) Market risk

Exchange rate risk

A. The Group operates as a multinational company. Therefore, it is subject to the exchange rate risk arising from transactions that are functionally different from the Company and its subsidiaries, which are mainly USD, Japanese Yen, and RMB. The relevant exchange rate risk comes from future business transactions and recognized assets and liabilities.

B. The group hedges the overall exchange rate risk through the Group Finance Department. Foreign exchange risk is measured with the use of forward exchange contracts and exchange rate swap contracts to minimize the effect of fluctuating exchange rates on the anticipated transactions of USD, Japanese Yen, and CNY which are highly probable.

C. The Group uses forward exchange rates to hedge against exchange rate risks, but does not apply the hedge accounting to financial assets or liabilities measured at fair value through profit and loss. Please refer to Note 6 (2).

D. The Group's business involves several non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is RMB). Therefore, it is affected by exchange rate fluctuations, and there are significant exchange rate fluctuations. The information about assets and liabilities denominated in foreign currencies affected is as follows:

	December 31, 2023		
	Foreign currency ($ in thousand)	Exchange rate	Book value NTD Thousands
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	$ 20,208	30.7050	$ 620,487
Financial liabilities			
Monetary items			
USD: NTD	$ 11,058	30.7050	$ 339,536
Japanese Yen: NTD	87,711	0.2172	19,051

	December 31, 2022				
	Foreign currency ($ in thousand)		Exchange rate		Book value NTD Thousands
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	$	13,828	30.7100	$	424,658
RMB: NTD		825	4.4080		3,637
Financial liabilities					
Monetary items					
USD: NTD	$	6,579	30.7100	$	202,041
Japanese Yen: NTD		30,950	0.2324		7,193

E. All exchange gains and losses (including realized and unrealized) on the Group's monetary items due to exchange rate fluctuations were aggregated for NT$2,422 and NT$27,914 in 2023 and 2022, respectively.

F. The risk analysis of the Group's foreign currency market due to the impact of significant exchange rate fluctuations is as follows:

	2023				
	Sensitivity analysis				
	Range of change		Impact on profit and loss		Impact on other comprehensive income
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	1%	$	6,205	$	-
Financial liabilities					
Monetary items					
USD: NTD	1%	$	3,395	$	-
Japanese Yen: NTD	1%		191		-

	2022 Sensitivity analysis		
	Range of change	Impact on profit and loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 4,247	$ -
RMB: NTD	1%	36	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 2,020	$ -
Japanese Yen: NTD	1%	72	-

Price risk

A. The Group's equity instruments exposed to price risk are financial assets measured at fair value through profits or losses and financial assets measured at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the group diversifies its investment portfolio according to the limit set by the group.

B. The Group mainly invests in equity instruments issued by domestic companies. The prices of these equity instruments will be affected by the uncertainty of the future values of the investment objects. If the prices of these equity instruments rose or fell by 1%, with all other factors remaining unchanged, other comprehensive income in 2023 and 2022 would be classified as gains of equity investment measured at fair value through other comprehensive income. The contingent loss would increase or decrease by NT$2,060 and NT$1,409, respectively.

Cash flow and fair value interest rate risk

The Group has no debt instruments that are significantly exposed to interest rate risk.

(2) Credit risk

A. The credit risk of the Group is the risk of financial loss due to the failure of customers or counterparties of financial instrument transactions to fulfill contractual obligations, which mainly comes from the inability of counterparties to pay off accounts receivable according to the collection terms.

B. The Group establishes credit risk management from the group perspective. According to the internal credit policy, each operating entity within the Group and each new customer shall determine the payment and delivery terms and conditions before establishing the terms and conditions for payment and delivery and credit risk analysis. Internal risk control is to evaluate the credit quality of customers by considering their financial position, past experience and other factors. The limit of individual risk is set by the Board of Directors according to the internal or external rating. The usage of the credit limit is monitored regularly.

C. The Group adopts IFRS 9 to provide the hypotheses. When the contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed that a default has occurred.

D. The Group provides the following hypotheses in IFRS 9 as the basis for judging whether the credit risk of financial instruments has increased significantly after the initial recognition:

When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the original recognition.

E. The Group classifies notes receivable and accounts receivable (including related parties) of customers according to the characteristics of trade credit risk, and estimates the expected credit loss based on the provision matrix and loss rate method.

F. After the recourse procedure, the Group will write off the amount of the financial assets for which the recovery cannot be reasonably expected. However, the Group will continue the recourse procedure to preserve the rights of the claims. As of December 31, 2023 and 2022, the Group did not have any creditor's rights that were written off but were still subject to recourse.

G. The expected loss rate of customers with good credit standing was 0.2%. The total book value of accounts receivable as of December 31, 2023 and 2022 were NT$91,438 and NT$56,803, respectively, and the loss allowance was NT$183 and NT$114, respectively.

H. The group incorporates economic countermeasures from the National Development Commission into its forward-looking considerations, and adjusts the loss rate based on historical and current information in a specific period to estimate the value of the allowance for loss of the notes and accounts receivable (including related parties) of general credit customers. The preparation matrix as of December 31, 2023 and 2022, is as follows:

December 31, 2023	Expected loss rate	Total book value	Allowance for losses
Not overdue	0.78%~1.01%	$ 492,669	$ 4,704
Within 30 days of overdue	38.44%~38.72%	5,981	2,299
		$ 498,650	$ 7,003

December 31, 2022	Expected loss rate	Total book value	Allowance for losses
Not overdue	0.74%~0.96%	$ 425,150	$ 3,390
Within 30 days of overdue	29.89%~34.49%	96	31
Past due by 31 to 60 days	50%	17	8
		$ 425,263	$ 3,429

I. The Group's simplified statement of changes in the allowance for loss of notes and accounts receivable (including related parties) is as follows:

	2023	2022
January 1	$ 3,543	$ 11,820
Provision (reversal) of impairment loss	3,662	(8,361)
Foreign exchange rate effect	(19)	84
December 31	$ 7,186	$ 3,543

Among the provisions (reversed) of losses in 2023 and 2022, the (reversed) provision for impairment of receivables generated from contracts with customers amounted to NT$3,662 and (NT$8,361), respectively.

(3) Liquidity risk

A. The cash flow forecast is carried out by each operating entity within the Group and summarized by the Group's financial unit. The Group's financial unit monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet operating needs.

B. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, which are classified according to the relevant maturity dates. Non-derivative financial liabilities are based on the residual period from the balance sheet date to the contract maturity date. Derivative financial liabilities are analyzed based on the residual period from the balance sheet date to the expected maturity date. The contractual cash flows disclosed in the table below are the undiscounted amounts.

December 31, 2023	Less than 1 year	1 to 2 years	2 to 5 years	Total
Non-derivative financial liabilities:				
Accounts payable (including related parties)	$ 364,032	$ -	$ -	$ 364,032
Other payable accounts (including related party)	290,560	-	-	290,560
Long-term notes and payables	-	33,776	12,281	46,057
Lease liabilities	19,372	14,737	14,290	48,399
Derivative financial liabilities:				
Forward Exchange Contract	$ 1,161	$ -	$ -	$ 1,161

December 31, 2022	Less than 1 year	1 to 2 years	2 to 5 years	Total
Non-derivative financial liabilities:				
Accounts payable (including related parties)	$ 336,084	$ -	$ -	$ 336,084
Other payable accounts (including related party)	255,479	-	-	255,479
Lease liabilities	11,645	11,734	12,744	36,123
Derivative financial liabilities:				
Forward Exchange Contract	$ 1,714	$ -	$ -	$ 1,714

(III) Information on fair value

1. The levels of the evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Class I: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to a market in which assets or liabilities are traded in sufficient frequency and quantity to provide pricing information on an ongoing basis. The fair value of the listed and OTC stocks invested by the Group belongs to this.

Class II: Direct or indirect observable inputs for assets or liabilities, except for quoted prices included in Class I. The fair value of the derivative instruments invested by the Group belongs to this.

Class III: The unobservable input value of assets or liabilities includes the equity instrument investment that the Group invests in and for which there is no active market.

2. Financial instruments not measured at fair value

Includes cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, accounts payable (including related parties), other payables (including related parties) and the book value of lease liabilities and long-term notes payable are the reasonable approximation of the fair value.

3. The financial and non-financial instruments measured at fair value are classified according to the nature, characteristics, risk, and fair value level of the assets and liabilities. Relevant information is as follows:

(1) The information is classified according to the nature of the Group's assets and liabilities. The relevant information is as follows:

December 31, 2023	Class I	Class II	Class III	Total
Assets				
Repeated fair value				
Financial assets at fair value through profit or loss (FVTPL)				
Forward Exchange Contract	$ -	$ 5,670	$ -	$ 5,670
Financial assets at FVTOCI				
Equity securities	144,489	61,465	-	205,954
	$ 144,489	$ 67,135	$ -	$ 211,624
Liabilities				
Repeated fair value				
Financial liabilities measured at fair value through profit or loss				
Forward Exchange Contract	$ -	$ 1,161	$ -	$ 1,161

December 31, 2022	Class I	Class II	Class III	Total
Assets				
Repeated fair value				
Financial assets at fair value through profit or loss (FVTPL)				
Forward Exchange Contract	$ -	$ 3,980	$ -	$ 3,980
Financial assets at FVTOCI				
Equity securities	122,036	-	18,896	140,932
	$ 122,036	$ 3,980	$ 18,896	$ 144,912
Liabilities				
Repeated fair value				
Financial liabilities measured at fair value through profit or loss				
Forward Exchange Contract	$ -	$ 1,714	$ -	$ 1,714

(2) The methods and hypotheses used by the Group to measure fair value are as follows:

A. If the Group adopts market quotation as the input value of fair value (i.e. Class 1), the characteristics of the instruments are as follows:

	Listed company stock
Market quotation	Closing price

B. Except for the financial instruments in the active market, the fair value of other financial instruments is based on the evaluation technology or with reference to the quotation of the counterparty.

C. When evaluating non-standardized and less complicated financial instruments, the Group adopts the evaluation techniques widely used by market participants. The parameters used in the evaluation model of this kind of financial instrument are usually the information that is observable in the market.

D. The derivative financial instruments were evaluated according to the evaluation models widely accepted by the market users, such as the discount method. Foreign exchange forward contracts are usually evaluated based on the current forward exchange rate.

E. The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors related to the financial and non-financial instruments held by the Group. Therefore, the estimated value of the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value evaluation model management policies and related control procedures, the management believes that the evaluation adjustment is appropriate and necessary to properly express the fair value of the financial and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the evaluation process have been carefully evaluated and adjusted according to the current market conditions.

4. There were no transfers between Class I and II in 2023 and 2022.

5. The following table shows the changes in Class III in 2023 and 2022:

	2023	2022
	Equity instruments	Equity instruments
January 1	$ 18,896	$ -
Profit or loss recognized in other comprehensive income		

Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	9,470	(1,136)
Transfer out of Class III:	(28,366)	-
Purchases in the current period	-	20,032
December 31	$ -	$ 18,896

6. Due to the Group's Class III equity instrument being listed on the Emerging Stock Market in November 2023, the trading volume began to increase steadily, resulting in sufficient observable market information becoming available. Consequently, at the end of the month in which this event occurred, the Group transferred the fair value measurement of this instrument from Class III to Class II. There was no transfer in or out from Class III in 2022.

7. In the evaluation process for the Group's fair value classified to Class III, the Finance Department is responsible for verifying the independent fair value of the financial instrument. The data from independent sources are used to approximate the evaluation results to the market status, and to confirm that the data sources are independent, reliable, and resources and any necessary fair value adjustment to ensure that the evaluation result is reasonable.

In addition, the finance department determines the fair value evaluation policies, evaluation procedures, and confirmation of financial instruments in accordance with relevant International Financial Reporting Standards.

8. The quantitative information about the significant unobservable input value of the evaluation model used for Class III fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	December 31, 2022 Fair value	Evaluation technology	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks of TWSE/GTSM	$ 18,896	Comparable TWSE/GTSM listed stocks	Note 1	1.80	Note 2

December 31, 2023: no such situation

Note 1: P/E multiplier, discount for the lack of market liquidity.

Note 2: The higher the multiplier, the higher the fair value; the higher the discount for the lack of market liquidity the lower the fair value.

9. The Group carefully selects the evaluation model and evaluation parameters; however, different evaluation models or parameters may result in different evaluation results.

XIII. Disclosures in notes

(I) Information about significant transactions

1. Loaning of funds to others: None.
2. Making endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and jointly controlled entities): Please refer to Table 1.
4. The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital: None.
5. The amount of acquired real estate reaches NT$300 million or more, or 20% of the paid-in capital: None.
6. Disposal of real estate properties amounting to NT$300 million or more, or 20% of the paid-in capital: None.
7. The total purchase from and sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 2.
8. Accounts receivable from related parties amounting to at least NT$100 million, or 20% of the paid-in capital: Please refer to Table 3.
9. Trading of derivatives: Please refer to Note 6 (2).
10. Information on the business relationship between the parent company and its subsidiaries and between each subsidiary and the circumstances and amounts of any important transactions between them: Please refer to Table 4.

(II) Information on reinvested businesses

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 5.

(III) Investment in Mainland China

1. Basic information: Please refer to Table 6.
2. Significant transactions with investee companies in mainland China directly or indirectly through enterprises in a third region: Please refer to Table 4.

(IV) Information of major shareholders

Information of major shareholders: Please refer to Table 7.

XIV. Departmental Information

(I) General information

The Group only operates in a single industry, and the major operating decision-makers have identified the Group as the single reportable department based on the overall evaluation and the resource allocation of the Group.

(II) Assessment of departmental information

The Group acts as a single reporting unit and reports the group net income before tax to the major operating decision-makers. The measurement method is consistent with the income and expenses in the comprehensive income statement, and the performance of operating departments is evaluated according to the net profit before tax. The Group does not provide the total assets and total liabilities for the main operating decision-maker for operating decision-making.

(III) Information about departmental profit and loss

Information on the reportable departments as provided to major operational decision-makers is as follows:

	2023	2022
Departmental revenue	$ 1,972,624	$ 2,410,672
Departmental profit or loss	($ 138,201)	($ 141,074)
Departmental income includes:		
Interest income	$ 17,941	$ 9,805
Interest expense	$ 6,043	$ 3,550
Depreciation and amortization expenses	$ 207,321	$ 217,996
Income tax expenses	$ 9,421	$ 1,172

(IV) Reconciliation of departmental profit and loss

There is no difference between the statements that provide the chief operating decision maker for department operating decisions and the department income statements, so no adjustment is required.

(V) Information on product type and service type

The revenue of external customers mainly comes from the R&D, testing, manufacturing and sales of LED. The balance of revenue is as follows:

	2023	2022
LED - Self-made	$ 1,772,973	$ 2,153,476
LED - commodity	198,406	255,572
Others	1,245	1,624
	$ 1,972,624	$ 2,410,672

(VI) Information by geographical location

The information by territory of the Group in 2023 and 2022 is as follows:

	2023		2022	
	Income	Non-current assets	Income	Non-current assets
Taiwan	$ 81,187	$ 835,923	$ 131,747	$ 862,487
China	1,452,306	22,043	1,889,966	5,326
Hong Kong	78,425	-	108,746	-
Vietnam	168,229	-	129,728	-
USA	72,367	-	78,852	-
South Korea	26,291	-	34,638	-
Turkey	67,303	-	12,194	-
Others	26,516	-	24,801	-
	$ 1,972,624	$ 857,966	$ 2,410,672	$ 867,813

Non-current assets refer to non-current items excluding financial instruments, deferred income tax assets, net defined benefit assets, and refundable deposits (stated as other non-current assets).

(VII) Important Customer Information

Important customers accounted for more than 10% of the Group's consolidated revenue in 2023 and 2022:

	2023		2022	
	Income	Percentage	Income	Percentage
Customer A	$ 693,698	35	$ 794,241	33
Customer B	206,684	10	263,114	11
Customer C	192,381	10	314,171	13
	$ 1,092,763	55	$ 1,371,526	57

Advanced Optoelectronic Technology Inc. and Subsidiaries

Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and jointly controlled entities)

December 31, 2023

Table 1

Unit: NT$ Thousand

(unless otherwise stated)

				End of period				
Companies held	Type and name of securities (Note 1)	Relationship with issuer of securities	Account titles in book	Shares (Thousand Shares)	Book value (Note 2)	Shareholding ratio (%)	Fair value	Remarks
Advanced Optoelectronic Technology Inc.	Northern Lights Semiconductor Corporation stock	None	Financial assets mandatorily measured at fair value through profit or loss - non-current	2,033	$ -	10.27%	$ -	None
Advanced Optoelectronic Technology Inc.	Shares of Excellence Optoelectronics Inc	None	Financial assets at fair value through other comprehensive income - non-current	312	9,937	0.15%	9,937	None
Advanced Optoelectronic Technology Inc.	Shares of Epileds Technologies, Inc.	The chairman of the Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	8,130	134,552	8.10%	134,552	None
Advanced Optoelectronic Technology Inc.	Shares in Hua Yang Precision Machinery Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	773	61,465	4.86%	61,465	None

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the aforementioned items within the scope of IFRS 9 "Financial Instruments."

Note 2: If the measurement is based on fair value, please fill in the book balance after adjustment for fair value evaluation and net of accumulated impairment. For the book value not measured at fair value, please fill in the book value of the original acquisition cost or cost after amortization deducting the accumulated impairment in the book value column.

Advanced Optoelectronic Technology Inc. and Subsidiaries

The total purchase from and sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital

January 1 to December 31, 2023

Table 2

Unit: NT$ Thousand

(unless otherwise stated)

			Status of transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		
Purchase (sales) company	Name of counterparty	Relationship	Purchase (sales)	Amount	% of total purchase (sale)	Period of credit extension	Unit price	Period of credit extension	Balance	Percentage in total accounts/notes receivable (payable) (%)	Remarks
Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	Subsidiary of the Company	Sales volume	$ 244,792	13	O/A with net 120 days	-	-	$ 149,975	25	Note 1
Advanced Optoelectronic Technology Inc.	HON HAI PRECISION IND. CO., LTD.	Other related party	Sales volume	206,684	11	O/A with net 120 days	-	-	72,038	12	Note 1

Note 1: The price of the Company's sale to the above-mentioned related parties is similar to that of general customers, except when there is no similar transaction to follow, and the terms of the transaction are to be determined by both parties.

Advanced Optoelectronic Technology Inc. and Subsidiaries

Accounts receivable from related parties amounting to more than NT$100 million or 20% of the paid-in capital

December 31, 2023

Table 3

Unit: NT$ Thousand

(unless otherwise stated)

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Receivables from related parties	Turnover (times)	Overdue accounts receivable – related Parties		Subsequent recovery of receivables from related Parties	Provision for loss Allowance
					Amount	Treatment method		
Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	Subsidiary of the Company	$ 149,975	1.52	$ 51,359	Enhancement of collection service	$ 45,816	$ -

Advanced Optoelectronic Technology Inc. and Subsidiaries

Information on the business relationship between the parent company and its subsidiaries and between each subsidiary and the circumstances and amounts of any important transactions between them

January 1 to December 31, 2023

Table 4

Unit: NT$ Thousand

(unless otherwise stated)

Serial number (Note 1)	Name of Transaction Party	Counterparty of transactions	Relationship with the counterparty (Note 2)	Status of transactions: Accounts	Amount	Trading terms and conditions	Percentage to consolidated total revenue or total assets (%) (Note 3)
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Sales volume	$ 244,792	Note 4	12.41
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Purchase volume	99,698	Note 4	5.05
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Accounts receivable	149,975	Note 4	4.47
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Accounts payable	39,437	Note 4	1.17

Note 1: Information on business transactions between the parent company and its subsidiaries shall be specified in the numbered column. The number is to be entered as follows:

(1) "0" for the parent company.

(2) Subsidiaries are numbered sequentially from 1 onwards.

Note 2: There are three types of relationship with transaction parties, and it is sufficient to indicate the relationship:

(1) Between the parent company and its subsidiaries.

(2) Subsidiary to parent company.

(3) Subsidiaries to subsidiaries.

Note 3: In employing the ratio of transaction amount to consolidated revenue or assets, if it belongs as an asset and liability item, the ratio is calculated by taking the ending balance to the consolidated total assets. If it belongs as a profit and loss item, the ratio is calculated by taking the interim accumulated amount to the consolidated total revenue.

Note 4: The payment deadline for sales to related parties is 120 days after the shipment. The payment term for purchases with related parties, except for some materials, which is sight payment, is 120 days after purchase.

Note 5: List the ratios of transaction amount to total consolidated revenue or total assets that reach 1%.

Advanced Optoelectronic Technology Inc. and Subsidiaries

The name and location of the investee company and other relevant information (excluding mainland China investee companies)

January 1 to December 31, 2023

Table 5

Unit: NT$ Thousand

(unless otherwise stated)

				Initial investment amount		Held at end of period					
Name of investment company	Name of investee company (Note 1, 2)	Location of the Company	Main Business	End of current period	End of last year	Shares (Thousand Shares)	Percentage (%)	Book value	Profit or loss of the Investee	Investment income recognized in the current period	Remarks
Advanced Optoelectronic Technology Inc.	Advanced Optoelectronic Technology Holding Ltd.	Samoa	Investments in various businesses	$ 99,811	$ 99,811	3,250	100	$ 63,068	($ 13,012)	($ 13,012)	Subsidiary
Advanced Optoelectronic Technology Inc.	Asphetek Solution Inc.	Taiwan	Manufacture and sale of electronic components	142,000	42,000	14,200	47.33	95,530	91,088)	(44,799)	Subsidiary
Advanced Optoelectronic Technology Inc.	ELUX, Inc.	USA	Development of micro LED displays	91,188	91,188	283	25.94	-	(63,835)	-	Investee companies evaluated under the equity method
Advanced Optoelectronic Technology Holding Ltd.	AOT Holding Ltd.	Samoa	Investments in various businesses	67,632	67,632	2,250	100	64,185	(13,013)	-	Sub-subsidiaries

Note 1: If the public company that has a foreign holding company and complies with local laws and regulations, mainly rely on the consolidated financial statements in its financial statements, the relevant information about the foreign invested company may be disclosed only to the relevant information of the holding company.

Note 2: Please fill in the information as follows for situations other than those described in Note 1:

(1) The columns of “Name of investee company,” “Location,” “Main business,” “Original investment amount” and “Ownership at end of the period” must be filled out based on the (public) Company's investment status and the re-investment situation of each investee directly or indirectly controlled in order, and the relationship between each investee and the (public) Company (e.g., a subsidiary or a sub-subsidiary) must be indicated in the remarks column.

(2) Fill in the amount of current profit or loss of the investee in the column of "Profit or loss of investee for the current period."

(3) The column, Gains and losses on investment recognized for the current period, must be filled out with the (public) Company’s recognized subsidiaries through direct investments and the gain or loss amount for each of the equity-method investee company, and the rest is not required. When filling in the “Recognized amount of current profit or loss on each subsidiary directly invested,” it must be confirmed that the amount of the current profit or loss on each subsidiary includes investment gains and losses that must be recognized in accordance with the regulations for its investment.

Advanced Optoelectronic Technology Inc. and Subsidiaries

Investment in Mainland China - Basic Information

January 1 to December 31, 2023

Table 6

Unit: NT$ Thousand (unless otherwise stated)

Name of investees in Mainland China	Main Business	Paid-in capital	Method of investment (Note 1)	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment amount exported or recovered in the current period: Export	Investment amount exported or recovered in the current period: Recovered	Accumulated Investment Amount from Taiwan at End of period	Profit or loss of the investee	TheCompany's direct of indirect direct of indirect shareholding(%)	Investment income recognized in the current period Note 2	Book value of investment at ending period	Investment income received in the current period	Remarks
ZHAN JING Technology (Shen ZHEN) Co., Ltd.	Technology development, wholesale, import/export and related ancillary services of new electronic components and electronic products	$ 63,698	(2)	$ 63,698	$ -	$ -	$ 63,698	($ 13,019)	100%	($ 13,019)((2)B)	$ 65,543	$ -	
Asphetek Solution (Chengdu) Inc.	Manufacture and sale of electronic components	63,870	(1)	-	63,870	-	63,870	(4,742)	47.33%	(2,244) ((2)B)	57,250	-	
An Qing Xin Kairong Optoelectronics Material Technology Co., Ltd.	Technology development of optoelectronic materials, and wholesale of chemical raw materials and products.	21,685	(1)	4,337	-	(4,337)	` -	-	-	-	-	-	
Guangdong Kai Chuang Display Technology Co., Ltd.	R&D, production and sales of liquid crystal materials; self-operation and agency of the import/export of various commodities and technologies	4,309	(3)	-	-	-	-	21,487	20%	4,299 ((2)B)	6,222	3,517	

Company name	Accumulated investment from Taiwan to Mainland China at end of period	Investment Amount Approved by Investment Commission, MOEA	Upper limit of investment to Mainland China approved by the Investment Commission, MOEA
Advanced Optoelectronic Technology Inc.	$ 63,698	$ 65,402 (USD: 2,130thousand)	$ 1,551,472
Asphetek Solution Inc.	63,870	138,173 (USD: 4,500 thousand)	121,094

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the types of investments:

(1) Direct investment in mainland China.

(2) Reinvestment in China through a third country company (please specify the investment company in the third country): Reinvestment in China through AOT Holding Ltd. Reinvestment in China.

(3) The Company was directly invested by ZHAN JING Technology (Shen ZHEN) Co., Ltd.

Note 2: Recognized in the investment income column for the current period:

(1) It shall be specified if the investment is in preparation without any investment income.

(2) The recognition bases of investment income are classified into the following three categories, which shall be specified:

A. Financial statements audited and verified by the international accounting firm associated with the accounting firm of the Republic of China.

B. The financial statements audited and verified by the CPAs of the parent company in Taiwan.

C. Others.

Note 3: Figures in this table shall be stated in NTD.

Advanced Optoelectronic Technology Inc. and Subsidiaries

Information of major shareholders

December 31, 2023

Table 7

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio
Hua Zhun Investment Co., Ltd.	7,672,000	5.30%
BAO XIN INTERNATIONAL INVESTMENTS LIMITED	7,664,000	5.30%

Note 1: The information on major shareholders in this table is based on data of above 5% in total of common stock and preferred stock of the companies held by shareholders have completed dematerialized registration and delivery (including treasury shares) and is calculated each quarter on the final business day, by the Taiwan Depository & Clearing Corporation.

The capital stock reported in the Company's financial statements and the number of shares that the Company has completed dematerialized registration and delivery, may show discrepancies due to different basis in calculation.

Note 2: If any of the above-mentioned entities has transferred control of shareholdings to a trustee, then disclosure of information regarding the entity will be in the form of the Settler's account of trust opened by the trustee. According to the Securities and Exchange Act, insiders or shareholders holding more than 10% of shares must file if any changes in stocks held, which include shareholdings that have been transferred to trustee and trust assets that the shareholder may determine the usage of shares; for filed information of insiders' shares, please refer to the Market Observation Post System website.

Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23004721

To: Advanced Optoelectronic Technology Inc.

Audit opinion

We have audited the accompanying Parent Company Only balance sheet of Advanced Optoelectronic Technology Inc. as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, parent company only changes in equity and cash flow for the years then ended, and the notes to the Parent Company Only Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Parent Company Only Financial Statements present fairly, in all material respects, the financial position of the Advanced Optoelectronic Technology Inc. as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

Basis for audit opinion

We conducted our audit 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 Advanced Optoelectronic Technology Inc. in accordance with The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and appropriate audit evidence has been obtained in order to be served as a basis for presenting our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Parent Company Only Financial Statements of Advanced Optoelectronic Technology Inc. for the year ended December 31st, 2023. These matters were addressed in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters in the Parent Company Only Financial Statements of the Company for the year ended December 31, 2023 are as follows:

Inventory valuation

Description of matters

For descriptions of the accounting policies, accounting estimates, and the uncertainties of accounting estimates for inventory valuation and assumptions, and accounting items, please see Notes IV (XI), V (II) and VI (V) to the Parent Company Only Financial Statements.

The principal business of the Advanced Optoelectronic Technology Inc. is the manufacture and sale of light-emitting diodes. Due to a large number of competitors from China manufacturers, the commodity prices may be vulnerable to fluctuations or the product sale may not be as expected, which may affect the estimation result of the net realizable value of inventory valuation.

The Advanced Optoelectronic Technology Inc. adjusts its inventory requirements in response to the sales market and development strategies. Since LEDs are the main sales commodity, the related inventory amount is significant. The management evaluates the inventory according to the lower cost and net realizable value. Because the above process involves subjective judgments, we believe that the accounting estimate has a significant impact on the assessment of inventory value, so it is listed as one of the most important matters during the audit.

Corresponding audit procedures

This matter covers Advanced Optoelectronic Technology Inc. and its subsidiaries (investment accounted for under the equity method). The main audit procedures that we have implemented are as follows:

1. We have evaluated the policy adopted for the allowance for inventory write-down based on our understanding of the nature of the Advanced Optoelectronic Technology Inc.'s operations and industry.
2. We have tested the basis for the net realizable value to see whether it complies with the policy of the Advanced Optoelectronic Technology Inc.. Calculation is performed by taking the sales and net realizable value of the individual inventory number from random sampling.

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 Regulation 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, the management is responsible for assessing Advanced Optoelectronic Technology Inc.'s capability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Advanced Optoelectronic Technology Inc., or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing Advanced Optoelectronic Technology Inc.'s financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance on whether the Parent Company Only Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards of the Republic of China will always detect a material misstatement when it exists. Misstatement may result from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company Only Financial Statements.

We exercised professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform 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. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Assess the appropriateness of the accounting policies adopted by the management, and the reasonableness of the accounting estimates and related disclosures made by the management.

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting based on the audit evidence obtained, and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence acquired as of the date of the audit 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 relevant notes), and whether the Parent Company Only Financial Statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Advanced Optoelectronic Technology Inc., to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the Company’s audit. We remain solely responsible for our audit opinion.

The matters communicated between us and the governing body include the planned scope and time of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with relevant ethical requirements regarding independence, and we communicated with them all relationships that may be thought to undermine our independence and other matters (including related protective measures).

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

PricewaterhouseCoopers Taiwan

Po-Chuan Lin

Accountant

Shu-Chiung Chang

Financial Supervisory Commission
Approval No.: Jin-Guan-Zheng-Shen - Zi No. 1100350706
Former Financial Supervisory Commission, Executive Yuan
Approval No.: Jin-Guan-Zheng-Shen - Zi No. 0990042602

March 12, 2024

Advanced Optoelectronic Technology Inc.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ Thousand

	Assets	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 1,107,702	35	$ 1,215,940	40
1110	Financial assets at fair value through profit or loss (FVTPL) - Current	VI (II)	5,670	-	3,980	-
1170	Accounts receivable, net	VI (III)	346,263	11	242,191	8
1180	Accounts receivable - related parties, net	VI (III) and (VII)	241,945	8	248,489	8
1200	Other receivables	VI (IV) and VII	27,714	1	28,217	1
1220	Current income tax assets		1,624	-	562	-
130X	Inventory	VI (V)	148,500	5	140,865	5
1410	Prepayments		14,191	-	6,961	-
1479	Other current assets - others		283	-	233	-
11XX	**Total of current assets**		1,893,892	60	1,887,438	62
	Non-current assets					
1517	Financial assets at FVTOCI - non-current	VI (VI)	205,954	7	140,932	4
1550	Investment under equity method	VI (VII) and VII	158,598	5	113,458	4
1600	Property, plant, and equipment	VI (VIII) (XI)	688,205	22	807,252	26
1755	Right-of-use assets	VI (IX)	1,405	-	2,458	-
1780	Intangible assets	VI (X)	114,793	4	8,987	-
1840	Deferred tax assets	VI (XXIII)	76,617	2	80,825	3
1975	Net defined benefit assets - non-current	VI (XIV)	-	-	20,757	1
1990	Other non-current assets - others	VIII	1,511	-	1,511	-
15XX	**Total non-current assets**		1,247,083	40	1,176,180	38
1XXX	**Total assets**		$ 3,140,975	100	$ 3,063,618	100

(continued on next page)

Advanced Optoelectronic Technology Inc.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ Thousand

	Liabilities and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2120	Financial liabilities at fair value through profit or loss - Current	VI (II)	$ 1,161	-	$ 1,714	-
2130	Contract liabilities - current	VI (XVIII)	-	-	112	-
2170	Accounts payable		306,522	10	248,965	8
2180	Accounts payable - related parties	VII	43,675	1	41,479	1
2200	Other payables	VI (XII)	241,300	8	203,276	7
2220	Other payables - related parties	VII	-	-	1,211	-
2280	Lease liabilities - current		1,070	-	1,045	-
2399	Other current liabilities - others		14,280	-	46,075	2
21XX	**Total of current liabilities**		608,008	19	543,877	18
	Non-current liabilities					
2570	Deferred income tax liabilities	VI (XXIII)	7,055	-	4,604	-
2580	Lease liabilities - non-current		362	-	1,432	-
2610	Long-term notes and payables	VI (XIII)	46,057	2	-	-
25XX	**Total of non-current liabilities**		53,474	2	6,036	-
2XXX	**Total liabilities**		661,482	21	549,913	18
	Equity					
	Share capital	VI (XV)				
3110	Common stock share capital		1,445,480	46	1,445,480	47
	Capital Surplus	VI (XVI)				
3200	Capital Surplus		956,609	30	954,265	31
	Retained earnings	VI (XVII)				
3310	Legal reserves		168,696	5	195,549	7
3350	Losses to be compensated		(99,031)	(3)	(26,853)	(1)

The attached notes to the parent company only financial reports are part of this parent company only financial report; please refer to them, too.

Chairman : Fang, Jung Hsi   Manager : Fang, Jung-Hsi   Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT$ Thousand

	Other equity					
3400	Other equity		7,739	1	(54,736)	(2)
3XXX	**Total equity**		2,479,493	79	2,513,705	82
	Significant Contingent Liabilities and Unrecognized Commitments	IX				
3X2X	**Total liabilities and equity**		$ 3,140,975	100	$ 3,063,618	100

The attached notes to the parent company only financial reports are part of this parent company only financial report; please refer to them, too.

Chairman : Fang, Jung Hsi Manager : Fang, Jung-Hsi Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc.
Parent Company Only Comprehensive Income Statement
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand
(except for loss per share in NTD)

	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	VI (XVIII) and VII	$ 1,879,310	100	$ 2,186,918	100
5000	Operating cost	VI (V) (XXII) and VII	(1,532,306)	(82)	(1,948,006)	(89)
5900	Gross profit		347,004	18	238,912	11
5910	Unrealized gains on sales		(1,202)	-	(3,924)	-
5920	Realized gain on sales		3,924	-	8,067	-
5950	Gross operating profit, net		349,726	18	243,055	11
	Operating expenses	VI (XXII) and VII				
6100	Sales and marketing expenses		(163,671)	(9)	(156,908)	(7)
6200	Administrative expenses		(176,989)	(9)	(174,273)	(8)
6300	R&D expenses		(71,950)	(4)	(78,879)	(4)
6450	Expected credit impairment gain (loss)	XII (II)	(3,519)	-	4,594	-
6000	Total operating expenses		(416,129)	(22)	(405,466)	(19)
6900	Operating loss		(66,403)	(4)	(162,411)	(8)
	Non-operating income and expense					
7100	Interest income		16,445	1	9,487	-
7010	Other income	VI (XIX) and VII	19,876	1	12,091	1
7020	Other gains and losses	VI (XX)	482	-	4,548	-
7050	Financial cost	VI (XXI)	(4,961)	-	(3,233)	-
7070	Share of the profit or loss of the subsidiaries, affiliated companies and joint ventures under the equity method	VI (VII)	(57,811)	(3)	(1,579)	-
7000	Total non-operating income and expenses		(25,969)	(1)	21,314	1
7900	**Net loss before tax**		(92,372)	(5)	(141,097)	(7)
7950	Income tax expenses	VI (XXIII)	(8,961)	-	(107)	-
8200	**Current net loss**		($ 101,333)	(5)	($ 141,204)	(7)
	Other comprehensive income (net)					
	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	VI (XIV)	$ -	-	$ 5,483	-
8316	Unrealized gains (losses) on investments in equity instruments at FVTOCI	VI (VI)	64,590	3	(75,607)	(3)
8349	Income tax related to items not reclassified	VI (XXIII)	2,302	-	(1,097)	-
8310	Total of items not reclassified to profit or loss		66,892	3	(71,221)	(3)
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange difference in the translation of the financial statement of foreign operations		(2,115)	-	1,070	-
8380	Share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for under the equity method - items that may be reclassified as income	VI (VII)	-	-	148	-
8360	Total of items that may be reclassified subsequently to profit or loss		(2,115)	-	1,218	-
8300	**Other comprehensive income (loss) after tax for current period**		$ 64,777	3	($ 70,003)	(3)

Chairman : Fang, Jung Hsi   Manager : Fang, Jung-Hsi   Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc.

Parent Company Only Comprehensive Income Statement

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand
(except for loss per share in NTD)

8500	**Total comprehensive loss for current period**		($ 36,556)	(2)	($ 211,207)	(10)
	Loss per share	VI (XXIV)				
9750	Basic loss per share		($ 0.70)		($ 0.98)	

The attached notes to the parent company only financial reports are part of this parent company only financial report; please refer to them, too.

Chairman : Fang, Jung Hsi　　Manager : Fang, Jung-Hsi　　Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc.

Parent Company Only Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

			Capital Surplus					Retained earnings		Other equity		
	Notes	Common stock share capital	Shares premium from issuance	Recognition of changes in equity of subsidiaries	Donated assets	Changes in the net equity value of affiliates and joint ventures recognized under the equity method	Expired stock options	Legal reserves	Undistributed earnings (losses to be compensated)	Exchange difference in the translation of the financial statement of foreign operations	Financial assets at FVTOCI - Unrealized gains or losses	Total equity
2022												
Balance on January 1, 2022		$ 1,445,480	$ 936,594	$ -	$ 5,900	$ 10,681	$ 48	$ 176,103	$ 194,458	($ 5,630)	$ 25,407	$ 2,789,041
Current net loss		-	-	-	-	-	-	-	(141,204)	-	-	(141,204)
Other comprehensive income (loss)	VI (VI)	-	-	-	-	-	-	-	4,386	1,218	(75,607)	(70,003)
Total comprehensive income (loss)		-	-	-	-	-	-	-	(136,818)	1,218	(75,607)	(211,207)
Appropriation and distribution of 2021 earnings:	VI (XVII)											
Provision of legal reserve		-	-	-	-	-	-	19,446	(19,446)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(65,047)	-	-	(65,047)
Disposal of investment under equity method		-	-	-	-	-	-	-	-	(124)	-	(124)
Recognition of changes in equity of subsidiaries	VI (VII)	-	-	1,042	-	-	-	-	-	-	-	1,042
Balance at December 31, 2022		$ 1,445,480	$ 936,594	$ 1,042	$ 5,900	$ 10,681	$ 48	$ 195,549	($ 26,853)	($ 4,536)	($ 50,200)	$ 2,513,705
2023												
Balance on January 1, 2023		$ 1,445,480	$ 936,594	$ 1,042	$ 5,900	$ 10,681	$ 48	$ 195,549	($ 26,853)	($ 4,536)	($ 50,200)	$ 2,513,705
Current net loss		-	-	-	-	-	-	-	(101,333)	-	-	(101,333)
Other comprehensive income (loss)	VI (VI)	-	-	-	-	-	-	-	2,302	(2,115)	64,590	64,777
Total comprehensive income (loss)		-	-	-	-	-	-	-	(99,031)	(2,115)	64,590	(36,556)
Appropriation and distribution of 2022 earnings:	VI (XVII)											
Legal reserve used to make up losses		-	-	-	-	-	-	(26,853)	26,853	-	-	-
Recognition of changes in equity of subsidiaries	VI (VII)	-	-	2,344	-	-	-	-	-	-	-	2,344
Balance on December 31, 2023		$ 1,445,480	$ 936,594	$ 3,386	$ 5,900	$ 10,681	$ 48	$ 168,696	($ 99,031)	($ 6,651)	$ 14,390	$ 2,479,493

The attached notes to the parent company only financial reports are part of this parent company only financial report; please refer to them, too.

Chairman：Fang, Jung Hsi Manager：Fang, Jung-Hsi Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

	Notes	January 1 - December 31, 2023	January 1 - December 31, 2022
Cash flow from operating activities			
Net loss before tax for current period		($ 92,372)	($ 141,097)
Adjustment items			
Income/expenses that do not affect cash flow			
Depreciation expenses	VI (XXII)	143,903	178,370
Amortized expenses	VI (X) (XXII)	42,121	26,328
Expected credit impairment (gain) loss	XII (II)	3,519	(4,594)
Losses on financial assets and liabilities at FVTPL	VI (II) (XX)	2,981	16,879
Interest expense	VI (XXI)	4,961	3,233
Interest income		(16,445)	(9,487)
Dividend income	VI (XIX)	(313)	(3,075)
The share of loss on the subsidiaries and affiliated companies under the equity method	VI (VII)	57,811	1,579
Losses from disposal of property, plant, and equipment	VI (XX)	-	461
Gains on disposal of investment accounted for using equity method	VI (XX)	-	(636)
Property, plant and equipment recognized as expenses	VI (VIII)	3,427	-
Impairment losses of property, plant and equipment	VI (VIII) (XI) (XX)	805	6,197
Unrealized gains on sales		1,202	3,924
Realized gain on sales		(3,924)	(8,067)
Changes in operating activities related assets/liabilities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss (FVTPL) - Current		(1,690)	(1,907)
Accounts receivable		(107,597)	366,487
Accounts receivable - related parties		6,180	368,464
Other receivables		681	21,848
Inventory		(7,635)	119,073
Prepayments		(7,230)	(1,263)
Other current assets		(50)	41
Net changes in liabilities related to operating activities			
Financial liabilities at fair value through profit or loss - Current		(3,534)	(19,070)
Contract liabilities - current		(112)	49
Accounts payable		57,557	(549,431)
Accounts payable - related parties		2,196	(57,759)
Other payables		7,987	(72,879)
Other payables - related parties		(1,211)	(4,744)
Other current liabilities - others		(31,795)	30,506
Net defined benefit obligation		20,757	(2,947)
Cash inflow from operations		82,180	266,483
Interest received		16,267	8,620
Dividends received		313	3,075
Interest paid		(5,039)	(2,944)
Income tax paid		(1,062)	(12,793)
Net cash inflow from operating activities		92,659	262,441

(continued on next page)

Advanced Optoelectronic Technology Inc.

Parent Company Only Statement of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT$ Thousand

	Notes	January 1 - December 31, 2023	January 1 - December 31, 2022
Cash flows from investing activities			
Acquisition of financial assets at fair value through other comprehensive income - non-current		($ 432)	($ 76,914)
Investment under equity method acquired	VI (VII)	(100,000)	(42,000)
Disposal of investment under equity method	VI (VII)	-	5,089
Acquisition of property, plant, and equipment	VI (XXV)	(31,951)	(90,884)
Disposal of property, plant, and equipment		-	74
Acquisition of intangible assets	VI (XXV)	(67,839)	(16,608)
Decrease of other non-current assets - others		370	14
Net cash outflow from investing activities		(199,852)	(221,229)
Cash flow from financing activities			
Net decrease in short-term borrowings	VI (XXVI)	-	(52,003)
Repayment of lease principal	VI (XXVI)	(1,045)	(1,045)
Distribution of cash dividends	VI (XVII)	-	(65,047)
Net cash outflow from financing activities		(1,045)	(118,095)
Decrease in cash and cash equivalents for current period		(108,238)	(76,883)
Opening balance of cash and cash equivalents		1,215,940	1,292,823
Closing balance of cash and cash equivalents		$ 1,107,702	$ 1,215,940

The attached notes to the parent company only financial reports are part of this parent company only financial report; please refer to them, too.

Chairman : Fang, Jung Hsi ‘Manager : Fang, Jung-Hsi Chief Accounting Officer: Cheng, Chen Hsun

Advanced Optoelectronic Technology Inc.
Notes to Parent Company Only Financial Statements
2023 and 2022

Unit: NT$ Thousand
(unless otherwise stated)

I. Company history

Advanced Optoelectronic Technology Inc. (hereinafter referred to as the "Company") was incorporated in the Republic of China on October 2, 1999. The original name in Mandarin was changed (from “Hsien Chin Kai Fa Corporation” to “Jung Chuang Corporation”), while the English name of the Company remains the same. The renaming was approved by the competent authority on July 14, 2010. The Company primarily engages in the R&D, testing, manufacturing and sale of LEDs, as well as the import/export and trading of raw materials and semi-finished products. The Company's shares have been listed for trading on the Taiwan Stock Exchange since July 9, 2014.

II. Adoption of the date and procedures of the Financial Statements

The parent company only financial report was approved by the Board of Directors on March 12, 2024.

III. Applicable new and amended standards and interpretations

(I) Effect upon adoption of the new and amended IFRSs and accounting standards that came into effect and approved by the Financial Supervisory Commission ("FSC").

The following table sets forth the standards and interpretations newly released, amended, and revised of the IFRSs and accounting standards applicable in 2023 that came into effect and endorsed by the FSC:

New/revised/amended standards and interpretations	Effective date announced by IASB
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar 2 Regulation Template"	May 23, 2023

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

(II) Effect of new issuances of or amendments to IFRSs and accounting standards as endorsed by the FSC but not yet adopted by the Group

The following table sets forth the standards and interpretations newly released, amended, and revised of the IFRSs and accounting standards applicable in 2024 endorsed by the FSC:

New/revised/amended standards and interpretations	Effective date announced by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non- current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

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

(III) IFRSs and accounting standards issued by IASB but not yet endorsed by the FSC

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

New/revised/amended standards and interpretations	Effective date announced by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21 "Lack of Convertibility"	January 1, 2025

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

IV. Summary of significant accounting policies

The major accounting policies adopted in the preparation of this parent company only financial report are described below. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Compliance statement

This parent company only financial statement was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
   (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

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

2. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred to herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(III) Conversion of foreign currencies

Items included in the parent company only financial report of the Company are measured by the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The parent company only financial statements are presented in the Company's functional currency, which is "New Taiwan Dollar".

1. Transactions and balances in foreign currencies

(1) Transactions in foreign currencies are converted into the functional currency at the spot exchange rate on the transaction or measurement date, and the difference from such conversion is recognized as the profits or losses for the current term.

(2) The balance of foreign currency assets and liabilities is adjusted according to the evaluation of the spot exchange rate on the balance sheet date, and the difference from such adjustment is recognized as the profits or losses for the current term.

(3) The balance of foreign currency non-monetary assets and liabilities measured at fair value through profit and loss is adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference generated as a result of the adjustment is recognized as the current profit and loss; the value measured through other for the comprehensive profit or loss that is measured at fair value, it shall be adjusted according to the evaluation of the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be stated as the other comprehensive income. Those not measured using fair value shall be measured using historical rates on the initial trading day.

(4) All exchange gains and losses are reported in the "other gains and losses" of the comprehensive income statement.

2. Conversion of foreign operations

(1) For all entities whose functional currency is different from the presentation currency, the operating results and financial status are converted into the presentation currency in the following ways:

A. Assets and liabilities expressed in each balance sheet are converted at the closing exchange rate on the balance sheet date;

B. The income, expense, and loss expressed in each comprehensive income statement shall be converted at the average exchange rate in the current period; and

C. All exchange differences arising from conversion are recognized in other comprehensive income.

(2) When the foreign operations disposed or sold are affiliated companies, the exchange differences will be re-categorized under other comprehensive income proportionally to the current profits or losses as part of the sales profits or losses. However, if the Company still retains part of its equity in the former affiliate, but has lost its significant influence on the affiliated enterprise of foreign operations, it shall be treated as a

disposal of all interests in the foreign operations.

(3) When the foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized in other comprehensive income is re-attributed to the non-controlling interests of the foreign operation on a pro-rata basis. However, if the Company still retains part of its equity in the former subsidiary but has lost control of the subsidiary of the foreign operation, it shall be treated as a disposal of all the equity of the foreign operation.

(IV) Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:
   (1) The asset is expected to be realized, sold or consumed in the normal business cycle.
   (2) Mainly for trading purpose.
   (3) Expected to be realized within 12 months after the balance sheet date.
   (4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

   The Company classifies all assets not meeting the above conditions as non-current.
2. Liabilities that meet one of the following conditions are classified as current liabilities:
   (1) Expected to be settled in the normal business cycle.
   (2) Mainly for trading purpose.
   (3) Expected to be settled within 12 months after the balance sheet date.
   (4) The repayment period cannot be unconditionally deferred to at least 12 months after the balance sheet date. If the terms about liabilities can be paid off by issuing equity instruments as per the choice of the counterparty, the categorization is not affected.

   The Company classifies all liabilities not meeting the above conditions as non-current.

(V) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a fixed amount of cash at any time with little risk of changes in value. Time deposits that meet the definition above and mature within three months from the date of acquisition and are held to meet short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through profit or loss (FVTPL)

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Company adopts transaction day accounting for financial assets measured at fair value through profit and loss in conformity with trading practices.
3. The Company measures their fair values at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profits or losses are recognized in profit or loss.

(VII) Financial assets at FVTOCI

1. Refers to an irrevocable choice made at the time of original recognition to recognize the changes in the fair value of the equity instrument investment held not for trading in other comprehensive profit or loss.
2. The Company adopts the transaction day accounting for financial assets measured at fair value through other comprehensive income in conformity with trading practices.
3. The Company measures its fair value plus transaction costs at the time of original recognition, and is subsequently measured at fair value:

   Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the cumulative gain or loss previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are very likely to inflow, and the dividend amount can be measured reliably, the Company recognizes dividend income in profit or loss.

(VIII) Accounts receivable

1. Refer to the accounts for which the contract provides for the unconditional right to receive the amount of consideration obtained from the transfer of goods or services.
2. For short-term accounts receivable with unpaid interest, the impact of discounting is small, and the Company measures them at the original invoice amount.
3. The business model of the accounts receivable that the Company expects to sell is for the purpose.

(IX) Impairment of financial assets

On each balance sheet date, the Company, with respect to financial assets measured at amortized cost and accounts receivable containing major financial components, considers all reasonable and supporting information (including forward-looking ones). Where the credit risk has not increased significantly since the original recognition, the loss allowance shall be measured at the 12-month expected credit loss amount; where the credit risk has increased significantly since the original recognition, the loss allowance shall be measured at the expected credit loss amount throughout the duration. For the accounts receivable that do not contain significant financial components, the allowance for loss is measured at the expected credit losses throughout the duration.

(X) Derecognition of financial assets

The Company will de-recognize financial assets when one of the following conditions is met:

1. Invalidation of the contractual right to receive cash flows from financial assets.
2. The contractual rights over the cash flows of financial assets are transferred, and almost all risks and rewards of ownership of the financial assets have been transferred.
3. The Company has transferred the contractual rights over the cash flows of financial assets, but has not retained control over the financial assets.

(XI) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not include borrowing costs. Where the lower cost and net realizable value, the itemized comparison method is adopted. Net realizable value is the balance from the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs required to complete the sale.

(XII) Investment under equity method - Subsidiaries and affiliated enterprise

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. The unrealized profit or loss from the transactions between the Company and its subsidiaries has been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company recognizes the share of profit or loss of the subsidiary after the acquisition as the current profit or loss, and recognizes the share of other comprehensive income after the

acquisition of the subsidiary as other comprehensive income. If the share of losses recognized by the Company in a subsidiary equals or exceeds the equity in the said subsidiary, the Company continues to recognize losses in proportion to its shareholding ratio.

4. Affiliated companies are entities over which the Company has significant influence but no control. Generally, the Company holds more than 20% of their shares with voting rights directly or indirectly. The Company's investment in an affiliated company is accounted for under the equity method and is recognized at time of acquisition at cost.
5. The Company recognizes the share of profit or loss of the affiliated companies after the acquisition as the current profit or loss, and recognizes the share of other comprehensive income after the acquisition of the subsidiary as other comprehensive income. If the Company's share of losses on any affiliated company equals or exceeds its equity in the said affiliated company (including any other unsecured receivables), the Company will not recognize further losses, unless the Company incurs statutory obligations, constructive obligations, or payments made on behalf of them.
6. When there is an equity change in the non-profit and loss and other comprehensive income in the affiliated company with no impact on the shareholding ratio of the affiliated company, the Company will recognize all the equity changes as "capital reserve" according to the shareholding ratio.
7. The unrealized profits or losses arising from transactions between the Company and an affiliate have been written off proportionally to the equity the Company holds in the said affiliate. Unless evidence shows that assets transferred through the said transaction are impaired, unrealized losses are written off, too. Accounting policies of affiliated companies have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. If the Company fails to subscribe or acquire new shares in proportion to the issuance of new shares, resulting in a change in the investment proportion but still significant influence on the affiliate, the increase or decrease in the change in the net value of equity shall be the adjustment of the “Capital Surplus” and “Equity-Method Investment.” If the proportion of investment decreased as a result, except for the above adjustment, related to the decrease in ownership interest and has been recognized in the profit or loss of other comprehensive income before, and the profit or loss must be reclassified to profit and loss during the disposal of related assets or liabilities, if any, is reclassified to profit or loss proportionally.
9. When the Company disposes of an associate, if it loses its material influence on the associate, for all amounts recognized in other comprehensive income related to the associate, its accounting treatment will be the same as if the Company directly disposes of the relevant assets or liabilities. On the same basis, i.e. if the gain or loss previously recognized as other comprehensive income will be reclassified as profit or loss when the related assets or liabilities are disposed, losing material influence on the affiliates, the profit or loss is reclassified from equity to profit or loss. If it still has significant influence on the affiliated company, only the amount recognized previously in other comprehensive income shall be transferred out proportionally.
10. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profits and losses and other comprehensive income of the current term in the Parent Company-only Financial Statement shall be identical to the amounts attributed to the owner of the parent company in the financial statements prepared on the basis of consolidation. The shareholders' equity as reported shall be identical to the equity attributable to the parent company in the financial statements prepared on the basis of consolidation.

(XIII) Property, plant, and equipment

1. Property, plant, and equipment are recorded at the acquisition cost.
2. Subsequent costs are included in the book value of assets or recognized as a separate asset

only when the future economic benefits related to the project are likely to flow into the Company and the cost of the project can be measured reliably. The book value of replacements shall be de-recognized. All other maintenance expenses are recognized as income at the time of occurrence.

3. Property, plant, and equipment are subsequently measured at cost. Except for land, no depreciation is made, whereas depreciation is calculated using the straight-line method over the estimated useful years. If the components of property, plant and equipment are significant, they are separately depreciated.
4. The Company examines the residual value, useful lives and depreciation methods of each asset at the end of each fiscal year. If the residual value and useful lives are different from the estimates, or if there is a material change in the expected consumption pattern of future economic benefits of the asset, the effect shall be treated in accordance with the provisions of IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates" from the date of the occurrence of the changes.

   The durability of each asset is as follows:

   Houses and buildings 3 to 26 years

   Machinery and equipment 2 to 6 years

   Office equipment 1 to 6 years

   Other equipment 1 to 6 years

(XIV) Lease transactions with lessees - right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Company. When the lease contract is a short-term lease or lease of a low-value target asset, the lease payment shall be recognized as expenses during the lease period using the straight-line method.
2. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the beginning of the lease at the discounted current value of the Company's incremental borrowing rate. Lease payments include fixed payments, less any lease incentives receivable.

   Subsequently, the interest method is adopted and measured by the after-amortization cost, and interest expenses are provided during the lease period. When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be re-measured.
3. The right-of-use assets are recognized at cost on the lease start date, and the cost includes the initially measured amount of the lease liabilities.

   The subsequent measurement is based on the cost model, and the depreciation expense is recognized when the service life of the right-of-use assets expires or the lease term expires, whichever is earlier. When the lease liabilities are reassessed, the right-of-use assets will adjust any re-measurement of the lease liabilities.
4. For the lease modification that reduces the scope of the lease, the lessee will reduce the book value of the right-of-use assets to reflect the partial or full termination of the lease, and recognize the difference between the re-measured amount of the leasehold and the lease liabilities in profit or loss.

(XV) Intangible assets

1. The royalty is recognized at the acquisition cost and amortized over the effective years of the contract.
2. Computer software is recognized at the cost of acquisition and amortized using the straight-line method over 1 to 6 years of estimated durability.

(XVI) Impairment of non-financial assets

On the Balance Sheet date, the Company estimates the recoverable value of assets with signs of impairment. When the recoverable value is less than the book value, the impairment loss is recognized. Recoverable amount is the higher of the fair value of an asset less the disposal cost or the use value, whichever is higher. When the impairment of assets recognized in the previous year does not exist or decrease, the impairment loss will be reversed. However, the increase in the book value of the assets due to the reversal of the impairment loss shall not exceed the book value of the asset without the impairment loss recognized less the amount of the depreciation or amortization of the asset.

(XVII) Borrowings

Refers to short-term borrowings from banks. The Company measures its fair value less transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses during the outstanding period according to the amortization procedure in profit or loss.

(XVIII) Accounts payable

1. Refers to liabilities arising from the purchase of raw materials, commodities, or labor services on credit and accounts payable arising from business and non-business reasons.
2. For short-term accounts payable with unpaid interest, the impact of discounting is small, and the Company measures them at the original invoice amount.

(XIX) Financial liabilities measured at fair value through profit or loss

1. Financial liabilities held for trading with the main purpose of repurchasing in the near future and derivatives other than those designated as hedging instruments according to hedge accounting.
2. The Company measures their fair values at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profits or losses are recognized in profit or loss.

(XX) Derecognition of financial liabilities

The Company will derecognize financial liabilities when the contractual obligation is fulfilled, canceled or expired.

(XXI) Non-hedging derivative instruments

Non-hedging derivatives are measured at the fair value on the contract signing date at the time of original recognition, and recognized as financial assets or liabilities measured at fair value through income; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.

(XXII) Employee benefit

1. Short-term employee benefits

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

2. Pension fund

   (1) Determined contribution plan

   For the defined contribution plan, the amount to be allocated to the pension fund is recognized as the pension cost in the current period on an accrual basis. Prepaid contribution is recognized as assets to the extent of refundable in cash or reduced in future payments.

   (2) Defined benefit plan

   A. The net obligation under the defined benefit plan is calculated by discounting the future benefit amount earned by the employee in the current period or in the past, and the fair value of the plan asset is deducted from the present value of the defined benefit obligation on the balance sheet date. An actuary using the Projected Unit Credit Method estimates defined benefit obligations each year. The discount rate is the market yield rate of the government bonds (at the balance sheet date) with the same currency and duration as the defined benefit plan on the balance sheet date.

   B. The re-measurement generated from the defined benefit plan shall be stated as other comprehensive income in the current period and presented in the retained earnings.

3. Termination benefits

   Termination benefits are the benefits provided upon termination of employment before a normal retirement date or provided by employees upon acceptance of an offer of benefits in exchange for the termination of employment. The Company will not state the benefits as expenses until the offer of benefits cannot be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits in full 12 months after balance sheet date will be discounted.

4. Remuneration to employees and directors

   The remuneration of employees and directors is recognized as expenses and liabilities when they have legal or constructive obligations and the value can be reasonably estimated. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

(XXIII) Income tax

1. Income tax expenses include current and deferred income tax. Income tax is recognized in profit or loss, except for the income tax related to the items recognized in other comprehensive profit or loss or recognized directly in equity and recognized in other comprehensive profit or loss or directly recognized in equity, respectively.

2. The current income tax is calculated according to the tax rate that has been enacted or substantially enacted in the countries where the Company is operating and generating taxable income on the balance sheet date. The management regularly evaluates the status of income tax filings for applicable income tax laws and regulations, and estimates income tax liabilities based on the taxes expected to be paid to the tax authorities, if applicable. The income tax for undistributed earnings that is levied in accordance with the Income Tax Act is to be recognized in undistributed earnings income tax expenses in accordance with the actual distribution of earnings in the year following the year in which the earnings are generated, after the proposal for distribution of earnings is passed at the shareholders' meeting.

3. The balance sheet method is adopted for deferred income tax, and the temporary difference generated between the tax bases of assets and liabilities and the book value in the parent company only balance sheet is recognized. If the deferred income tax arises from the initial

recognition of assets or liabilities in a transaction (excluding business merger), and the accounting profit or taxable income (taxable loss) is not affected by the transaction, and does not generate equivalent taxable amount and deductible temporary differences, the deferred income tax shall not be recognized. Taxable temporary difference generated from investment in subsidiaries and affiliates, of which the time of reverse is controllable by the Company and which is not likely to be reversed in the foreseeable future, shall not be recognized. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the balance sheet date and is expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.

4. Deferred income tax assets shall be recognized, insofar as temporary difference is very likely to offset against future taxable income, and the unrecognized and recognized deferred income tax assets shall be re-evaluated on each balance sheet date.
5. Current income tax assets and liabilities are offset against each other when the Company has the legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis or realize assets and settle liabilities simultaneously. When there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and the deferred income tax assets and liabilities are levied by the same tax authority for the same tax subject, or different tax subjects resulted, but each tax subject intends for the deferred income tax assets and liabilities to offset against each other when they are settled on a net basis or the assets and liabilities are realized at the same time.

(XXIV) Share capital

Common shares are classified as equity. The incremental cost directly attributable to the issuance of new shares or stock warrants, net of income tax, is stated as a deduction in equity.

(XXV) Distribution of dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's shareholders' meeting decides to distribute such dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and recognized as common stock on the base date of issuance of new shares.

(XXVI) Recognition of income

Sales of goods

1. The Company manufactures and sells LED and other related products. The sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer and the Company has no outstanding performance obligation that may affect the customer in accepting the product. When the product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product according to the sales contract, or there is objective evidence to prove that all acceptance criteria have been met.
2. Accounts receivable are recognized when the goods are delivered to the customer. Since then, the Company has unconditional rights to the contract price, and the consideration can be collected from the customer after a certain period of time.

(XXVII) Government grants

Government grants are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government grant and will receive the grant. If the government subsidies, in nature, are intended to compensate the expenses incurred by the Company, the government subsidies shall be recognized as current profit or loss on a systematic basis during the period when the relevant expenses are incurred.

V. Major sources of significant accounting judgments, estimates, and assumptions uncertainty

When the Company prepared this parent company only financial report, the management has used its judgment to determine the adopted accounting policies, and made accounting estimates and assumptions based on the reasonable expectation of future events based on the situation on the balance sheet date. The significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. These estimates and assumptions contain risks that may result in significant adjustments to the book values of assets and liabilities in the next fiscal year. Please see below for a detailed description of the uncertainty of significant accounting judgments, estimates, and assumptions:

(I) Important judgments adopted for accounting policies

None.

(II) Important accounting estimates and assumptions

Valuation of inventories

Because inventories must be priced at the lower of the cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of inventories on the balance sheet date. Due to the large number of competitors in mainland China, commodity prices are susceptible to fluctuations or product sales are not as good as expected. The Company assesses the amount of inventory on the balance sheet date due to normal wear and tear, obsolescence, or no market sales value, and writes off the cost of the inventories against it to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

On December 31, 2023, the book value of the Company's inventories amounted to NT$148,500.

VI. Description of important accounting items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash allowance	$ 20	$ 20
Demand deposits	211,272	154,855
Time deposit	896,410	1,061,065
	$ 1,107,702	$ 1,215,940

1. The financial institutions that the Company does business with have good credit quality, and the Company does business with multiple financial institutions to diversify the credit risk, and the possibility of expected default is very low.
2. The Company does not put cash and cash equivalents up for pledge.

(II) Financial assets and liabilities at FVTPL

Assets management	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives		
-Forward Exchange Contract	$ 5,670	$ 3,980
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-listed, OTC, or emerging stocks	$ 40,619	$ 40,619
Adjustment of evaluation	(40,619)	(40,619)

Liabilities items	December 31, 2023	December 31, 2022
	$ -	$ -
Current items:		
Financial liabilities held for trading		
Derivatives		
-Forward Exchange Contract	($ 1,161)	($ 1,714)

1. The details of financial assets and liabilities measured at fair value through profit and loss recognized in profit and loss are as follows:

	2023	2022
Financial assets mandatorily measured at fair value through profit or loss and available-for-sale financial liabilities		
Derivatives	($ 2,981)	($ 16,879)

2. The transaction and contract information of derivative financial assets and liabilities not subject to hedging accounting are explained as follows:

December 31, 2023

Derivative financial assets (liabilities)	Contract amount (Nominal principal amount) ($ in Thousand)		Duration of the contract
Current items:			
Forward Exchange Contract			
Sell USD and buy NTD	US Dollars	7,333	2023/10/13~2024/03/22
Sell USD and buy JPY	Japanese Yen	50,500	2023/10/26~2024/01/23
Sell CNY to buy NTD	CNY	5,100	2023/11/10~2024/05/24
Sell CNY and buy USD	CNY	12,500	2023/09/19~2024/05/14

December 31, 2022

Derivative financial assets (liabilities)	Contract amount (Nominal principal amount) ($ in Thousand)		Duration of the contract
Current items:			
Forward Exchange Contract			
Sell USD and buy NTD	US Dollars	8,000	2022/09/16~2023/04/24
Sell USD and buy JPY	Japanese Yen	24,300	2022/12/22~2023/02/08
Sell CNY to buy NTD	CNY	2,000	2022/12/05~2023/01/30
Sell CNY and buy USD	CNY	21,500	2022/07/12~2023/05/25

The foreign exchange forward transactions entered into by the Company are pre-sale forward transactions to avoid the exchange rate risk of export proceeds; the foreign exchange swaps contract is for currency exchange at a fixed exchange rate, and hedge accounting is not applied to meet the need for capital dispatch.

3. For information on the credit risk of financial assets and liabilities at fair value through profit and loss, please refer to Note 12 (2).

(III) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 351,535	$ 243,938
Less: Allowance for losses	(5,272)	(1,747)
	$ 346,263	$ 242,191
Accounts receivable - related parties	$ 242,883	$ 249,063
Less: Allowance for losses	(938)	(574)
	$ 241,945	$ 248,489

1. Aging analysis of accounts receivable (including related parties) are as follows:

	December 31, 2023	December 31, 2022
Not overdue	$ 526,089	$ 421,071
Within 30 days of overdue	31,692	17,221
Past Due 31-60 Days	30,102	25,980
Past due 61-90 days	6,535	28,729
	$ 594,418	$ 493,001

The above is an aging analysis based on the number of overdue days.

2. The balance of accounts receivable (including related parties) as of December 31, 2023 and 2022 were generated from contracts with customers and the balance and allowance for loss of the accounts receivable (including related parties) from contracts on January 1, 2022 amounted to NT$1,227,952 and NT$6,885, respectively.
3. Without considering the collateral or other credit-enhancing collaterals held, the measure that best represents the exposure to the Company's accounts receivable (including related parties) with the highest credit risk as of December 31, 2023 and 2022, the risk exposure amounted to NT$588,208 and NT$490,680 respectively.
4. As of December 31, 2023 and 2022, the amount of accounts receivable transferred to collection (stated as other non-current assets) amounted to NT$483,578 and NT$483,948 respectively, which had been fully provided against loss; and in 2023 and 2022, the provision (reversal) of allowance for losses collection (stated as other non-current assets) was (NT$370) and (NT$30), respectively.
5. In order to increase the credit limit of some customers, the Company obtained guarantee letters of credit and guarantee deposits from some customers.
6. For credit risk information of accounts receivable (including related parties), please see Note 12 (2).

(IV) Transfer of financial assets

The Company signed an accounts receivable transfer contract with Taipei Fubon Bank on November 3, 2020. According to the contract, the Company does not have to bear the risk of uncollectible accounts receivable, but only needs to bear the losses resulting from commercial disputes. The Company has not had any continuing involvement in the transferred accounts receivable. Therefore, the Company de-recognized the selling accounts receivable and the relevant information not due yet is as follows:

Unit: NTD thousand

December 31, 2023

Target for sale	Amount of selling accounts receivables	Derecognition amount	Amount paid in advance	Permissible advance payment	The interest rate range of the prepaid amount
Taipei Fubon Bank	USD 3,090	USD 3,090	USD 2,627	US Dollar -	6.36%~6.48%

December 31, 2022

Target for sale	Amount of selling accounts receivables	Derecognition amount	Amount paid in advance	Permissible advance payment	The interest rate range of the prepaid amount
Taipei Fubon Bank	USD 2,997	USD 2,997	USD 2,548	US Dollar -	5.34%~5.84%

As of December 31, 2023 and 2022, the selling accounts receivable assigned by the Company included retentions of NT$14,234 and NT$13,802, respectively, which had been transferred to other receivables.

(V) Inventory

December 31, 2023

	Cost	Allowance for devaluation losses	Book value
Raw materials	$ 49,548	($ 17,624)	$ 31,924
Work-in-progress	64,529	(17,735)	46,794
Finished goods	79,669	(16,066)	63,603
Merchandise inventory	6,803	(624)	6,179
	$ 200,549	($ 52,049)	$ 148,500

December 31, 2022

	Cost	Allowance for devaluation losses	Book value
Raw materials	$ 56,600	($ 27,095)	$ 29,505
Work-in-progress	85,708	(31,861)	53,847
Finished goods	75,433	(29,565)	45,868
Merchandise inventory	13,444	(1,799)	11,645
	$ 231,185	($ 90,320)	$ 140,865

Inventory cost recognized as expenses and losses by the Company in the current period:

	2023	2022
Cost of sold inventory	$ 1,522,838	$ 1,878,715
Loss of idle capacity	53,289	70,340
Loss on inventory devaluation (gain on recovery) (Note)	(34,161)	9,501
Income from sale of scraps	(9,660)	(10,550)
	$ 1,532,306	$ 1,948,006

Note: The recovery of gains in 2023 was mainly due to the fact that the Company actively disposed of idle inventories.

(VI) Financial assets at FVTOCI

	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed company stock	$ 171,532	$ 171,100
Emerging stocks	20,032	-
Non-listed, OTC, or emerging stocks	-	20,032
	191,564	191,132
Adjustment of evaluation	14,390	(50,200)
	$ 205,954	$ 140,932

1. The Company chose to classify the equity instrument investment that is a strategic investment into financial assets measured at fair value through other comprehensive income. The fair value of these investments as of December 31, 2023 and 2022 were NT$205,954 and NT$140,932, respectively.
2. The details of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income are as follows:

	2023	2022
Equity instruments at FVTOCI		
Changes in fair value recognized in other comprehensive income	$ 64,590	($ 75,607)
Dividend income recognized in profit or loss held at the end of the period	$ 313	$ 3,075

3. For information on the credit risk of financial assets at fair value through other comprehensive income, please refer to Note 12 (2).

(VII) Investment under equity method

1. Statement of changes and details are as follows:

	2023	2022
January 1	$ 113,458	$ 71,211
Increase in investment under equity method	100,000	42,000
Disposal of investment under equity method	-	(4,577)
Share of investment income accounted for using equity method	(57,811)	(1,579)
Capital surplus - recognition of change in equity of subsidiaries	2,344	1,042
Other changes in equity	607	5,361
December 31	$ 158,598	$ 113,458

	December 31, 2023	December 31, 2022
Subsidiaries:		
Advanced Optoelectronic Technology Holding Ltd. (Advanced)	$ 63,068	$ 74,584
Asphetek Solution Inc. (Asphetek)	95,530	38,874
Affiliated companies:		
ELUX, Inc. (ELUX)	24,953	24,953
Accumulated impairment	(24,953)	(24,953)
	$ 158,598	$ 113,458

(1) Due to the poor operation of ELUX, Inc., the value of investment had indeed been impaired, so the Company recognized impairment loss of $24,953 in 2019.

(2) The Company's subsidiary Asphetek Solution Inc. was incorporated in July 2022. The Company invested $24,000 in cash in stock to acquire an 80% shareholding. The

Company participated in the capital increase by cash of NT$18,000 of Asphetek in November 2022. The Company did not subscribe according to the shareholding ratio, resulting in the decrease of the shareholding ratio from 80% to 60%, resulting in an increase or decrease in the net equity value of the investment, and an additional capital reserve of NT$1,042; the Company participated in the capital increase by cash of NT$100,000 of Asphetek in June 2023. The Company did not subscribe according to the shareholding ratio, resulting in the decrease of the shareholding ratio from 60% to 47%, resulting in an increase or decrease in the net equity value of the investment, and an additional capital reserve of NT$2,344.

(3) The Company disposed of the equity of the Company's affiliated enterprise, An Qing Xin Kairong Optoelectronics Material Technology Co., Ltd., in December 2022. The shareholding ratio was reduced from 20% to 0%. The disposal consideration was NT$5,089.

2. The share of profit or loss on the subsidiaries and affiliated companies under the equity method:

	2023	2022
Subsidiaries:		
Advanced	($ 13,012)	$ 3,411
Asphetek Solution	(44,799)	(4,168)
Affiliated companies:		
An Qing Xin Kairong	-	(822)
	($ 57,811)	($ 1,579)

3. Subsidiaries

For information on the subsidiaries of the Company, refer to Note 4 (3) of the Company's consolidated financial statements 2023.

4. Affiliated companies

The book value and operating result share of the Company's individual non-material affiliates are summarized as follows:

As of December 31, 2023 and 2022, the book values of the individual non-material associates of the Company both amounted to NT$0.

	2023	2022
Current net loss	$ -	($ 822)
Other comprehensive income (net amount after tax)	-	148
Total comprehensive income (loss)	$ -	($ 674)

(VIII) Property, plant, and equipment

2023

	Land	Housing and construction	Machinery and equipment	Office equipment	Other equipment	Unfinished construction and equipment pending inspection	Total
January 1							
Cost	$ 160,357	$ 790,088	$ 1,905,166	$ 71,682	$ 253,802	$ 24,374	$ 3,205,469
Accumulated depreciation and impairment	-	(418,771)	(1,681,337)	(58,227)	(239,882)	-	(2,398,217)
	$ 160,357	$ 371,317	$ 223,829	$ 13,455	$ 13,920	$ 24,374	$ 807,252
January 1	$ 160,357	$ 371,317	$ 223,829	$ 13,455	$ 13,920	$ 24,374	$ 807,252
Increase	-	-	-	-	-	28,290	28,290
Reclassified (Note)	-	8,546	28,439	278	3,082	(44,027)	(3,682)
Depreciation expenses	-	(51,335)	(76,152)	(5,167)	(10,196)	-	(142,850)
Impairment loss	-	-	(805)	-	-	-	(805)
December 31	$ 160,357	$ 328,528	$ 175,311	$ 8,566	$ 6,806	$ 8,637	$ 688,205
December 31							
Cost	$ 160,357	$ 798,634	$ 1,915,661	$ 71,922	$ 256,404	$ 8,637	$ 3,211,615
Accumulated depreciation and impairment	-	(470,106)	(1,740,350)	(63,356)	(249,598)	-	(2,523,410)
	$ 160,357	$ 328,528	$ 175,311	$ 8,566	$ 6,806	$ 8,637	$ 688,205

2022

	Land	Housing and construction	Machinery and equipment	Office equipment	Other equipment	Unfinished construction and equipment pending inspection	Total
January 1							
Cost	$ 160,357	$ 766,401	$ 1,964,716	$ 72,750	$ 246,122	$ 48,202	$ 3,258,548
Accumulated depreciation and impairment	-	(368,259)	(1,712,701)	(52,882)	(217,617)	-	(2,351,459)
	$ 160,357	$ 398,142	$ 252,015	$ 19,868	$ 28,505	$ 48,202	$ 907,089

	Land	Housing and construction	Machinery and equipment	Office equipment	Other equipment	Unfinished construction and equipment pending inspection	Total
January 1	$ 160,357	$ 398,142	$ 252,015	$ 19,868	$ 28,505	$ 48,202	$ 907,089
Increase	-	-	-	-	-	85,366	85,366
Disposal	-	-	(535)	-	-	-	(535)
Reclassified (Note)	-	23,687	73,841	198	10,311	(109,194)	(1,157)
Depreciation expenses	-	(50,512)	(95,295)	(6,611)	(24,896)	-	(177,314)
Impairment loss	-	-	(6,197)	-	-	-	(6,197)
December 31	$ 160,357	$ 371,317	$ 223,829	$ 13,455	$ 13,920	$ 24,374	$ 807,252

	Land	Housing and construction	Machinery and equipment	Office equipment	Other equipment	Unfinished construction and equipment pending inspection	Total
December 31							
Cost	$ 160,357	$ 790,088	$ 1,905,166	$ 71,682	$ 253,802	$ 24,374	$ 3,205,469
Accumulated depreciation and impairment	-	(418,771)	(1,681,337)	(58,227)	(239,882)	-	(2,398,217)
	$ 160,357	$ 371,317	$ 223,829	$ 13,455	$ 13,920	$ 24,374	$ 807,252

Note: The reclassifications in 2023 and 2022 were mainly of the transfer out to intangible assets and the recognition of expenses.

1. The properties, plants, and equipment referred to above are assets held for own use.
2. The Company did not pledge any property, plant and equipment or capitalize the interest thereof.
3. Please refer to Note 6 (11) for the status of impairment of property, plant and equipment.

(IX) Lease transaction - Lessee

1. The underlying assets of the Company include land and equipment. The lease contract is usually for a period of 1 to 5 years. The lease contracts are negotiated individually and contain various terms and conditions. There are no other restrictions except that the leased assets may not be used as a loan guarantee.
2. The machinery and equipment leased by the Company with the lease period not exceeding 12 months and the target assets leased of low value are machinery and equipment and are not included in the right-of-use assets.
3. The information about the book value of the right-of-use assets and the recognized depreciation expenses is as follows:

December 31, 2023

	Cost	Accumulated depreciation	Book value
Land	$ 3,160	($ 1,755)	$ 1,405

December 31, 2022

	Cost	Accumulated depreciation	Book value
Land	$ 3,160	($ 702)	$ 2,458

	2023	2022
	Depreciation expenses	Depreciation expenses
Land	$ 1,053	$ 1,056

4. The increase in the Company's right-of-use assets in 2023 and 2022 were NT$0 and NT$3,161, respectively.
5. The information on profit and loss items related to lease contracts is as follows:

	2023	2022
Items affecting current profit and loss		
Interest expense of lease liabilities	$ 47	$ 47
Expenses of short-term lease contracts	676	877
Expenses of low-value asset lease	377	416

6. The total cash outflow from the leases of the Company in 2023 and 2022 amounted to NT$2,145 and NT$2,385, respectively.

(X) Intangible assets

2023

	Royalties	Computer software	Total
January 1			
Cost	$ -	$ 70,902	$ 70,902
Accumulated amortization	-	(61,915)	(61,915)
	$ -	$ 8,987	$ 8,987
January 1	$ -	$ 8,987	$ 8,987
Increase	147,672	-	147,672
Reclassification	-	255	255
Amortized expenses	(36,918)	(5,203)	(42,121)
December 31	$ 110,754	$ 4,039	$ 114,793
December 31			
Cost	$ 147,672	$ 71,157	$ 218,829
Accumulated amortization	(36,918)	(67,118)	(104,036)
	$ 110,754	$ 4,039	$ 114,793

2022

	Royalties	Computer software	Total
January 1			
Cost	$ 107,611	$ 69,745	$ 177,356
Accumulated amortization	(87,423)	(55,775)	(143,198)
	$ 20,188	$ 13,970	$ 34,158
January 1	$ 20,188	$ 13,970	$ 34,158
Reclassification	-	1,157	1,157
Amortized expenses	(20,188)	(6,140)	(26,328)
December 31	$ -	$ 8,987	$ 8,987
December 31			
Cost	$ -	$ 70,902	$ 70,902
Accumulated amortization	-	(61,915)	(61,915)
	$ -	$ 8,987	$ 8,987

The details of amortization of intangible assets are as follows:

	2023	2022
Operating cost	$ 467	$ 407
Sales and marketing expenses	36,919	20,188
Administrative expenses	3,902	4,900
R&D expenses	833	833
	$ 42,121	$ 26,328

(XI) Impairment of non-financial assets

The total amount of impairment loss recognized by the Company in 2023 and 2022 was NT$805 and NT$6,197, respectively, and the details are as follows:

2023	Recognized in current profit and loss	Recognized in other comprehensive income
Impairment loss - machinery and equipment	($ 805)	$ -

2022	Recognized in current profit and loss	Recognized in other comprehensive income
Impairment loss - machinery and equipment	($ 6,197)	$ -

(XII) Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	$ 84,951	$ 93,376
Premiums payable	46,045	8,513
Payable outsourcing fees	26,456	11,950
Payables for equipment	18,097	21,758
Labor and health insurance and pension payable	15,276	16,982
Payable commission	9,214	7,328
Others	41,261	43,369
	$ 241,300	$ 203,276

(XIII) Long-term notes and payables

	December 31, 2023	December 31, 2022
Premiums payable	$ 79,833	$ -
Less: Due within one year	(33,776)	-
	$ 46,057	$ -

(XIV) Pension fund

1. (1) The Company has established the retirement policy with defined welfare in accordance with the "Labor Standards Act", which is applicable to the years of service of all regular

employees before the "Labor Pension Act" went into effect on July 1, 2005; and the years of service of employees who elect to continue applying the Labor Standards Act after the implementation of the "Labor Pension Act." If an employee is eligible for retirement, the pension payment is based on the service years and the average salary of 6 months prior to retirement. Two base figures are given for each full year of service within 15 years, and one base figure will be granted after completing one year, but the cumulative maximum shall be limited to 45 base figures. The Company appropriates 2% of the total salary on a monthly basis to the pension fund, which is deposited with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, the Company estimates the balance of the aforementioned special accounts for labor pension before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

(2) The Company agreed with employees to settle all defined benefit retirement liabilities in October 2022, settled the old system tenure and re-actuarial valuation, recognized related gain or loss on settlement and net re-measurement of defined benefit assets. The Company was allowed by the competent authority in May 2023 to retrieve the remaining amount in the labor pension reserve account.

(3) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ -	$ -
Fair value of planned assets	-	20,757
Net defined benefit assets	$ -	$ 20,757

(4) Changes in net defined benefit assets are as follows:

2023	Present value of defined benefit obligation	Fair value of planned assets	Net defined benefit assets
January 1	$ -	$ 20,757	$ 20,757
Retrieval of labor pension reserve	-	(20,757)	(20,757)
December 31	$ -	$ -	$ -

	2022		
	Present value of defined benefit obligation	Fair value of planned assets	Net defined benefit assets
January 1	($ 19,972)	$ 32,299	$ 12,327
Interest (expense) income	(139)	226	87
Gains or losses on settlement	2,021	-	2,021
	(18,090)	32,525	14,435
Re-measurement:			
Return on planned assets (excluding the amount included in the interest income)	-	2,391	2,391
Adjustment of experience	3,092	-	3,092
	3,092	2,391	5,483
Appropriation of pension fund	-	839	839
Payment of pension	14,998	(14,998)	-
December 31	$ -	$ 20,757	$ 20,757

(5) The assets of the Company's defined benefit pension plan are invested by the Bank of Taiwan according to the fund's annual investment and utilization plan and within the scope of the ratio and amount of money, and are approved pursuant to Article 6 of the "Regulations Governing the Revenues, Expenditures, Custodianship and Utilization of Labor Pension Funds" (i.e. deposit in domestic and foreign financial institutions, investment in domestic and foreign listed, over-the-counter, or privately placed equity securities, and investment in domestic and foreign real estate securitization products), the related utilization is supervised by the Labor Pension Fund Supervisory Committee. In using the Fund, the minimum return from annual account settlement shall not fall below the return from interest paid by local banks on 2-year time deposits. If there are deficiencies, the national treasury shall make up the difference after approval by the competent authority. As the Company was not entitled to participate in the operation and management of the fund, it was impossible for the Company to disclose the classification of the fair value of the planned assets in accordance with IAS 19 and paragraph 142. The fair value comprising the total assets of the fund as of December 31, 2022, is stated in the labor pension fund utilization report announced by the government for the respective years.

2. (1) Since July 1, 2005, the Company has established the regulation for defined contribution plan in accordance with the "Labor Pension Act", which is applicable to employees of Taiwan nationality. For employees choosing the labor pension system under the "Labor Pension Act", the Company contributes 6% of the monthly salary to the personal accounts of the employees with the Labor Insurance Bureau. The pension is paid according to the individual pensions of the employees. The amount of accumulated income and accumulated income is withdrawn as monthly pension or lump sum.

(2) In 2023 and 2022, the Company recognized pension cost amounting to NT$22,085 and NT$24,322, respectively, in accordance with the above regulations governing the recognition of pension fund.

(XV) Share capital

1. As of December 31, 2023, the Company's rated capital was NT$2,400,000 and the paid-in capital was NT$1,445,480 with a par value of NT$10 per share. All issues paid for the Company's shares have been received.
2. The outstanding common stock (in thousands) at the beginning and end of the term is adjusted as follows:

	2023	2022
January 1 (i.e. December 31)	144,548	144,548

(XVI) Capital Surplus

Pursuant to the Company Act, the premium from the issuance of shares above par value and the additional paid-in capital from the receipt of gifts may be used to make up for the losses. When the Company has no accumulated losses, new shares or cash are issued to shareholders in proportion to their existing shares. In addition, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above shall not exceed 10% of the paid-in capital each year. The company shall not use the capital reserve to make good its capital loss, unless the surplus reserve is insufficient to make good such loss.

(XVII) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has earnings concluded each year, after paying taxes, the losses from previous years shall first be offset and then 10% of the remaining earnings shall be appropriated as legal reserves. The Company also makes provision or reversal of special reserve, if any, along with the accumulated undistributed earnings of the previous year in accordance with Article 41 of the Securities and Exchange Act.
2. The Company determines its future development and growth stage; establishes a sound financial structure; and protects the rights and interests of shareholders. The dividend distribution policy adopts cash and share method. The share dividend accounts for not more than half of all dividends in principle. The above ratio is adjusted according to the circumstances.
3. The legal reserve cannot be used for purposes other than to cover the accumulated losses of the company and for issuance of new shares or cash to shareholders in proportion of their original shareholding percentage, provided that the balance of the reserve exceeds 25% of the Company’s paid-in capital.
4. When the Company distributes earnings, it is required by laws and regulations to set aside a special reserve for the debit balance of other equity items on the balance sheet date of the current year before distribution. When the debit balance of other equity items is subsequently reversed, the amount of reversal may be included in the earnings available for distribution.
5. The Company passed the motion for offsetting deficits in 2022 at the shareholders' meeting on June 28, 2023. NT$26,853 was made up for the losses with legal reserve.
6. The Company's shareholders' meeting on June 29, 2022 resolved the 2021 profit distribution proposal as follows:

	2021	
	Amount	Dividend per share (NTD)
Legal reserves	$ 19,446	
Cash dividends	65,047	$ 0.45
	$ 84,493	

(XVIII) Operating revenue

	2023	2022
Revenue from customer contracts	$ 1,879,310	$ 2,186,918

1. Breakdown of revenue from contracts with customers

The income of the Company comes from the transfer of goods at a certain point in time. The income can be subdivided into the following geographical regions:

	2023	2022
Revenue from contracts with external customers		
China	$ 1,358,991	$ 1,666,212
Taiwan	81,188	131,747
Hong Kong	78,425	108,746
Vietnam	168,229	129,728
USA	72,367	78,852
South Korea	26,291	34,638
Turkey	67,303	12,194
Others	26,516	24,801
	$ 1,879,310	$ 2,186,918

2. Contract liabilities

The contractual liabilities related to the contractual income recognized by the Company are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Sales contract	$ -	$ 112	$ 63

(XIX) Other income

	2023	2022
Rent income	$ 1,924	$ 1,771
Dividend income	313	3,075
Other income	17,639	7,245
	$ 19,876	$ 12,091

(XX) Other gains and losses

	2023	2022
Gain on foreign currency exchange	$ 4,268	$ 27,449
Losses from disposal of property, plant, and equipment	-	(461)
Gains on disposal of investment accounted for using equity method	-	636
Losses on financial assets and liabilities at	(2,981)	(16,879)

FVTPL		
Impairment losses of property, plant and equipment	(805)	(6,197)
	$ 482	$ 4,548

(XXI) Financial cost

	2023	2022
Interest expense:		
Borrowings from banks	$ 280	$ 129
Lease liabilities	47	47
Others	4,634	3,057
	$ 4,961	$ 3,233

(XXII) Employee benefits, depreciation and amortization expenses

2023	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefit expenses			
Salary expenses	$ 279,854	$ 150,849	$ 430,703
Labor and national health insurance expenses	32,087	14,433	46,520
Pension expense	13,174	7,499	20,673
Remuneration to Directors	-	1,900	1,900
Other employee benefit expenses	28,695	8,222	36,917
Depreciation expenses	105,300	28,719	134,019
Amortized expenses	467	41,654	42,121

2022	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefit expenses			
Salary expenses	$ 353,231	$ 159,504	$ 512,735
Labor and national health insurance expenses	38,157	14,627	52,784
Pension expense	16,202	6,012	22,214
Remuneration to Directors	-	1,792	1,792
Other employee benefit expenses	36,001	9,198	45,199
Depreciation expenses	149,905	28,465	178,370
Amortized expenses	407	25,921	26,328

Note: Some employee benefits and depreciation expenses are listed in the non-operating income and expense.

1. The Company had 713 and 856 employees in 2023 and 2022, respectively, including 6 and 6 directors who did not serve as employees concurrently, respectively.
2. The Company's shares are listed on the Taiwan Stock Exchange. Therefore, the following information is added:
   (1) The average employee benefit expenses in 2023 and 2022 were NT$795 and NT$745, respectively.
   (2) The average employee salary expenses in 2023 and 2022 were NT$640 and NT$604, respectively.
   (3) The average employee salary expense adjustment was 6%.
   (4) The Company has already appointed an Audit Committee and therefore it is not applicable on supervisors, and therefore there is no need to disclose the information about remuneration to supervisors.
   (5) The salary and remuneration policy of the Company is stated as follows:
      A. The remuneration to directors is determined in accordance with the Company's Articles of Incorporation approved by the shareholders' meeting. The Board of Directors is authorized to determine the remuneration in accordance with the director's participation in the Company's operations and the value of contribution, and by taking into consideration the general standards in the industry.
      B. Remuneration to managers is determined based on the general level of payment in the industry, individual performance, the Company's operating performance, and the rationality of its future operation and development.
      C. Employees' salaries are approved and classified in accordance with the Company's "Personnel Selection and Appointment Regulations and Salary Management Regulations" and are based on employees' educational backgrounds, professional experiences, and job functions. After onboard, adjustments to the salary is made with reference to socioeconomic indicators, industry practice on salary adjustments, company performance and individual performance.
3. According to the Company's Articles of Incorporation, if the Company makes a profit at the end of the year, it shall allocate no less than 5% as the remuneration to employees and no more than 0.1% as the remuneration to directors. When the company has accumulated losses, it shall set aside amount to cover the losses first.
4. The Company did not record the net loss after tax for 2023 and 2022, so remuneration to employees and directors was not recognized.
5. Information on the employees' and directors' remuneration approved by the Company's Board of Directors is available on the Market Observation Post System.

(XXIII) Income tax

1. Income tax expenses
   (1) Components of income tax expense:

	2023	2022
Income tax for the current period:		
Income tax arising from current income	$ -	$ -
Deferred income tax:		
Original occurrence and reversal of temporary difference	8,961	107
Income tax expenses	$ 8,961	$ 107

   (2) Income tax related to other comprehensive income:

	2023	2022

Re-measurement of defined benefit obligation	($ 2,302)	$ 1,097

2. Relationship between income tax expenses and accounting profit:

	2023	2022
Income tax calculated at statutory rate for net loss	($ 18,474)	($ 28,219)
Income tax effect of items adjusted in accordance with the tax law	14,712	6,938
Changes in realizable assessment of deferred income tax assets	12,723	21,388
Income tax expenses	$ 8,961	$ 107

3. The amounts of deferred income tax assets or liabilities arising from the temporary difference and taxation loss are as follows:

2023

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
- Deferred income tax assets:				
Temporary difference:				
Unrealized gains on sales	$ 785	($ 545)	$ -	$ 240
Inventory devaluation losses	18,064	(7,654)	-	10,410
Allowance for loss beyond threshold	3,494	(1,138)	-	2,356
Cost of goods sold to be replaced	46	(20)	-	26
Unrealized exchange losses	318	946	-	1,264
Income from government subsidies	705	(470)	-	235
Impairment of investments accounted for using the equity method	4,990	-	-	4,990
Impairment of non-financial assets	12,068	161	-	12,229
Bonus payable for unused leave of absence	3,880	(293)	-	3,587
Tax losses	36,475	4,805	-	41,280
	80,825	(4,208)	-	76,617
- Deferred income tax liabilities:				
Unrealized gains on valuation of financial assets and liabilities	(453)	(449)	-	(902)
Premiums payable	-	(6,153)	-	(6,153)
Defined benefit obligation	(4,151)	1,849	2,302	-
	(4,604)	(4,753)	2,302	(7,055)
	$ 76,221	($ 8,961)	$ 2,302	$ 69,562

2022

	January 1	Recognized in profit or loss	Recognized in Other comprehensive income	December 31
Temporary difference:				
- Deferred income tax assets:				
Unrealized gains on sales	$ 1,614	($ 829)	$ -	$ 785
Inventory devaluation losses	16,332	1,732	-	18,064
Allowance for loss beyond threshold	3,040	454	-	3,494
Cost of goods sold to be replaced	52	(6)	-	46

Unrealized exchange losses	-	318	-	318
Valuation loss on unrealized financial assets and liabilities	366	(366)	-	-
Income from government subsidies	1,174	(469)	-	705
Impairment of investments accounted for using the equity method	4,990	-	-	4,990
Impairment of non-financial assets	10,999	1,069	-	12,068
Bonus payable for unused leave of absence	4,766	(886)	-	3,880
Premiums payable	1,018	(1,018)	-	-
Tax losses	36,549	(74)	-	36,475
	80,900	(75)	-	80,825
- Deferred income tax liabilities:				
Unrealized exchange gain	(1,010)	1,010	-	-
Unrealized gains on valuation of financial assets and liabilities	-	(453)	-	(453)
Defined benefit obligation	(2,465)	(589)	(1,097)	(4,151)
	(3,475)	(32)	(1,097)	(4,604)
	$ 77,425	($ 107)	($ 1,097)	$ 76,221

4. The effective term of the Company's unused taxation losses and the relevant amount of unrecognized deferred income tax assets are as follows:

December 31, 2023

Year of occurrence	Amount declared/authorized	Amount yet to be offset	Unrecognized amount of deferred income tax assets	Last year of credit
2018	$ 337,523	$ 222,996	$ 222,996	2028
2019	205,350	205,350	205,350	2029
2020	161,644	161,644	161,644	2030
2022	151,088	151,088	29,201	2032
2023	84,510	84,510	-	2033
	$ 940,115	$ 825,588	$ 619,191	

December 31, 2022

Year of occurrence	Amount declared/authorized	Amount yet to be offset	Unrecognized amount of deferred income tax assets	Last year of credit
2018	$ 337,523	$ 222,996	$ 222,996	2028
2019	205,350	205,350	205,350	2029
2020	161,644	161,644	118,781	2030
2022	139,513	139,513	-	2032
	$ 844,030	$ 729,503	$ 547,127	

5. Deductible temporary differences of unrecognized deferred income tax assets:

	December 31, 2023	December 31, 2022
Deductible temporary difference	$ 261,986	$ 236,255

6. The tax collection authority has approved the Company's income tax for profit-seeking businesses up to 2021.

(XXIV) Loss per share

2023

	Amount after tax	Weighted average outstanding shares (thousand shares)	Loss per share (NTD)
Basic loss per share			
Current net loss	($ 101,333)	144,548	($ 0.70)

2022

	Amount after tax	Weighted average outstanding shares (thousand shares)	Loss per share (NTD)
Basic loss per share			
Current net loss	($ 141,204)	144,548	($ 0.98)

(XXV) Supplementary information on cash flow

Investment activities with partial cash payment:

	2023	2022
Acquisition of property, plant and equipment	$ 28,290	$ 85,366
Add: Payables for equipment, beginning	21,758	27,276
Less: Payables for equipment, ending	(18,097)	(21,758)
Cash paid in current period	$ 31,951	$ 90,884

	2023	2022
Acquisition of intangible assets	$ 147,672	$ -
Add: Premium payable, beginning	-	16,608
Long-term notes and accounts payable, beginning	-	-
Less: royalty payable, ending	(33,776)	-
Long-term notes and accounts payable, ending	(46,057)	-
Cash paid in current period	$ 67,839	$ 16,608

(XXVI) Changes in liabilities from financing activities

	2023	2022	
	Lease liabilities	Short-term borrowings	Lease liabilities
January 1	$ 2,477	$ 52,003	$ 361

Net decrease in short-term borrowings	-	(52,003)	-
Repayment of lease principal	(1,045)	-	(1,045)
Other non-cash changes	-	-	3,161
December 31	$ 1,432	$ -	$ 2,477

VII. Related party transactions

(I) Related party's name and relationship

Name of Related Party	Relationship with the Company
ZHAN JING Technology (Shen ZHEN) Co., Ltd. (Zhan Jing)	Subsidiary of the Company
Asphetek Solution Inc. (Asphetek)	"
HON HAI PRECISION IND. CO., LTD.	Other related party
Kunshan Fu Cheng Ke Precision Electronics Co., Ltd. (Kunshan Fu Cheng Ke)	"
Sharp Corporation (Sharp)	"
Sharp Hong Kong Limited. (SHK)	"
Sharp Manufacturing Corporation (M) Sdn. Bhd. (SMM)	"
Epileds Technologies, Inc. (Epileds Technologies)	"
SDP Global (China) Co.,Ltd. (SDP Global)	"
ELUX, Inc.	Affiliated companies

Note: Hon Hai Precision Ind. Co., Ltd. and its consolidated entities were originally entities with significant influence over the Company. However, considering the current shareholding ratio and the fact that they do not hold any director positions in the Company, it was evaluated that they no longer have significant influence over the Company. Therefore, in the second quarter of 2023, they were reclassified as other related parties of the Company.

(II) Significant transactions with related parties

1. Operating revenue

	2023	2022
Sales of goods:		
- Entities with significant influence on the Company		
Hon Hai	$ 33,832	$ 263,114
- Subsidiaries		
Zhan Jing	244,792	326,949
Asphetek Solution	1	-
- Other related party		
Hon Hai	172,852	-
Others	52,170	91,814
	$ 503,647	$ 681,877

The price of the Company's sale to the above-mentioned related parties is similar to that of general customers, except when there is no similar transaction to follow, and the terms of the transaction are to be determined by both parties; the payment term to the related parties is 90~ 120 days; for general customers, 30~120 days after settlement of the current month.

2. Purchase stock

	2023	2022
Purchase of goods:		
- Entities with significant influence on the Company	$ 3,211	$ 9,634
- Subsidiaries	99,698	102,004
- Other related party	16,542	14,669
	$ 119,451	$ 126,307

Except for the fact that there is no similar transaction to follow, the terms of the transaction are determined by both parties through negotiation. For the rest, the Company bills the purchase to the related party at the prevailing price; the terms of payment to the related party, except for some materials, is payment at sight, and the rest are purchase within 90 to 120 days after settlement of the current month, or within 30 to 120 days after settlement of the current month for suppliers.

3. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
- Entities with significant influence on the Company		
Hon Hai	$ -	$ 67,138
- Subsidiaries		
Zhan Jing	149,975	173,105
- Other related party		
Hon Hai	72,038	-
Others	20,870	8,820
	242,883	249,063
Less: Allowance for losses	(938)	(574)
	$ 241,945	$ 248,489
Other receivables:		
- Subsidiaries		
Asphetek Solution	$ 3,718	$ 259
Others	27	
- Other related party	74	194
	$ 3,819	$ 453

4. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
- Entities with significant influence on the Company	$ -	$ 1,108

- Subsidiaries		
Zhan Jing	39,437	37,223
- Other related party	4,238	3,148
	$ 43,675	$ 41,479
Other payable:		
- Other related party	$ -	$ 1,211

5. Property transactions

Acquisition of financial assets

2023

	Items in the account	Quantity of shares traded (thousand shares)	Subject of the transaction	Proceeds received
Subsidiary				
- Asphetek Solution	Investment under equity method	10,000	Shares	$ 100,000

2022

	Items in the account	Quantity of shares traded (thousand shares)	Subject of the transaction	Proceeds received
Subsidiary				
- Asphetek Solution	Investment under equity method	4,200	Shares	$ 42,000

6. Research expenses (listed as research expenses)

	2023	2022
Other related party	$ -	$ 1,154

7. Rental income (stated as other income)

	2023	2022
Subsidiary	$ 201	$ -
Affiliated companies	803	795
Other related party	840	840
	$ 1,844	$ 1,635

The Company rents some offices, machinery and equipment for use by related parties. The rent is negotiated and collected on a monthly basis as agreed by both parties.

8. Others

In 2023, the manpower support provided to the subsidiary, Asphetek, by the Company, amounted to NT$3,133, which was recognized as a deduction of salaries.

(III) Remuneration to the management

	2023	2022
Salary and other short-term employee benefits	$ 9,098	$ 8,958
Benefits after retirement	101	108
	$ 9,199	$ 9,066

VIII. Pledged assets

	Book value		
Assets	December 31, 2023	December 31, 2022	Purpose of guarantee
Refundable deposits (listed in other non-current assets - others)	$ 1,511	$ 1,511	Performance bond

IX. Material contingent liabilities and unrecognized contractual commitments.

(I) Contingencies

None.

(II) Commitments

1. Capital expenditure contracted but not incurred

	December 31, 2023	December 31, 2022
Property, plant, and equipment	$ 5,687	$ 9,126

2. In order to respond to future business and market changes, the Company signed a LED patent licensing contract with Cree Inc. in December 2019. The contract term is 3 years, and the Company will pay a certain percentage of the royalty based on the sales value. Both parties failed to give written notice to the other party to terminate the contract 6 months prior to the expiry date, and the contract was automatically renewed for another 2 years.
3. The Company signed a phosphor powder licensing contract with a foreign manufacturer in December 2022. According to the agreement, the Company shall pay a certain percentage of the sales amount each year during the contract period as royalty and the royalty when the sales quantity reaches the target.

X. Significant losses from disasters

None.

XI. Materiality after the period

None.

XII. Others

(I) Capital management

The Company's capital management objective is to ensure the Company's sustainable operation, maintain the optimal capital structure, reduce the cost of capital, and provide returns to shareholders.

(II) Financial instruments

1. Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss (FVTPL)		
Financial assets mandatorily measured at fair value through profit or loss	$ 5,670	$ 3,980
Financial assets at FVTOCI		
Investment in selected equity instruments	$ 205,954	$ 140,932
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,107,702	$ 1,215,940
Accounts receivable	346,263	242,191
Accounts receivable - related parties	241,945	248,489
Other receivables	27,714	28,217
Refundable deposits (listed in other non-current assets - others)	1,511	1,511
	$ 1,725,135	$ 1,736,348

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities held for trading	$ 1,161	$ 1,714
Financial liabilities measured at amortized cost		
Accounts payable	$ 306,522	$ 248,965
Accounts payable - related parties	43,675	41,479
Other payables	241,300	203,276
Other payables - related parties	-	1,211
Long-term notes and payables	46,057	-
	$ 637,554	$ 494,931
Lease liabilities	$ 1,432	$ 2,477

2. Risk management policies

   (1) The daily operations of the Company are affected by multiple financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. In order to reduce the adverse effect on the Company's financial performance resulting from uncertainty, the Company enters into forward exchange contracts and foreign exchange swaps contract to avoid exchange rate risks.

   (2) For risk management, the Company's finance unit works closely with various operating units within the Company to be responsible for identifying, evaluating and hedging financial risks.

   (3) For information on derivative instruments to avoid financial risks, please see Note 6 (2).

3. Nature and extent of significant financial risk

   (1) Market risk

   Exchange rate risk

   A. The Company operates as a multinational company. Therefore, it is subject to the exchange rate risk arising from transactions that are functionally different from the Company, which are mainly USD, Japanese Yen, and RMB. The relevant exchange rate risk comes from future business transactions and recognized assets and liabilities.

   B. The Company hedges the overall exchange rate risk through the Company’s Finance Department. Foreign exchange risk is measured with the use of forward exchange contracts and exchange rate swap contracts to minimize the effect of fluctuating exchange rates on the anticipated transactions of USD, Japanese Yen, and CNY which are highly probable.

   C. The Company uses forward exchange rates to hedge against exchange rate risks, but does not apply the hedge accounting to financial assets or liabilities measured at fair value through profit and loss. Please refer to Note 6 (2).

   D. The Company's business involves several non-functional currencies (the functional currency of the Company is NTD). Therefore, it is affected by exchange rate fluctuations, and there are significant exchange rate fluctuations. The information about assets and liabilities denominated in foreign currencies affected is as follows:

	December 31, 2023				
	Foreign currency ($ in thousand)		Exchange rate	Book value NTD Thousands	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	$	18,335	30.7050	$	562,976
RMB: NTD		35,097	4.3270		151,865
Financial liabilities					
Monetary items					
USD: NTD	$	11,062	30.7050	$	339,659
Japanese Yen: NTD		87,711	0.2172		19,051
RMB: NTD		9,491	4.3270		41,068

	December 31, 2022				
	Foreign currency ($ in thousand)		Exchange rate	Book value NTD Thousands	
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD: NTD	$	13,791	30.7100	$	423,522
RMB: NTD		40,095	4.4080		176,739
Financial liabilities					
Monetary items					
USD: NTD	$	6,579	30.7100	$	202,041
Japanese Yen: NTD		30,950	0.2324		7,193
RMB: NTD		8,457	4.4080		37,278

E. All exchange gains and losses (including realized and unrealized) on the Company's monetary items due to exchange rate fluctuations were aggregated for NT$4,268 and NT$27,449 in 2023 and 2022, respectively.

F. The risk analysis of the Company's foreign currency market due to the impact of significant exchange rate fluctuations is as follows:

	2023		
	Sensitivity analysis		
	Range of change	Impact on profit and loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 5,630	$ -
RMB: NTD	1%	1,519	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 3,397	$ -
Japanese Yen: NTD	1%	191	-
RMB: NTD	1%	411	-

	2022		
	Sensitivity analysis		
	Range of change	Impact on profit and loss	Impact on other comprehensive income
(Foreign currency: Functional currency)			
Financial assets			
Monetary items			
USD: NTD	1%	$ 4,235	$ -
RMB: NTD	1%	1,767	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 2,020	$ -
Japanese Yen: NTD	1%	72	-
RMB: NTD	1%	373	-

Price risk

A. The Company's equity instruments exposed to price risk are financial assets measured at fair value through profits or losses and financial assets measured at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Company diversifies its investment portfolio according to the limit set by the Company.

B. The Company mainly invests in equity instruments issued by domestic companies. The prices of these equity instruments will be affected by the uncertainty of the future values of the investment objects. If the prices of these equity instruments rose or fell by 1%, with all other factors remaining unchanged, other comprehensive income in 2023 and 2022 would be classified as gains of equity investment measured at fair value through other comprehensive income. The contingent loss would increase or decrease by NT$2,060 and NT$1,409, respectively.

Cash flow and fair value interest rate risk

The Company does not hold borrowings with floating interest rates, so there is no significant exposure to cash flow and interest rate risk of fair value.

(2) Credit risk

A. The credit risk of the Company is the risk of financial loss due to the failure of customers or counterparties of financial instrument transactions to fulfill contractual obligations, which mainly comes from the inability of counterparties to pay off accounts receivable according to the collection terms.

B. The Company establishes credit risk management. According to the internal credit policy, the Company and each new customer shall determine the payment and delivery terms and conditions before establishing the terms and conditions for payment and delivery and credit risk analysis. Internal risk control is to evaluate the credit quality of customers by considering their financial position, past experience and other factors. The limit of individual risk is set by the Board of Directors according to the internal or external rating. The usage of the credit limit is monitored regularly.

C. The Company adopts IFRS 9 to provide the hypotheses. When the contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed that a default has occurred.

D. The Company provides the following hypotheses in IFRS 9 as the basis for judging whether the credit risk of financial instruments has increased significantly after the initial recognition:
When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the original recognition.

E. The Company classifies accounts receivable of customers according to the characteristics of trade credit risk, and estimates the expected credit loss based on the provision matrix and loss rate method.

F. After the recourse procedure, the Company will write off the amount of the financial assets for which the recovery cannot be reasonably expected. However, the Company will continue the recourse procedure to preserve the rights of the claims. As of December 31, 2023 and 2022, the Company did not have any creditor's rights that were written off but were still subject to recourse.

G. The expected loss rate of customers with good credit standing was 0.2%. The total book value of accounts receivable as of December 31, 2023 and 2022 were NT$213,865 and NT$182,366, respectively, and the loss allowance was NT$127 and NT$19, respectively.

H. The Company incorporates economic countermeasures from the National Development Commission into its forward-looking considerations, and adjusts the loss rate based on historical and current information in a specific period to estimate the value of the allowance for loss of the accounts receivable (including related parties) of general credit customers. The preparation matrix as of December 31, 2023 and 2022, is as follows:

December 31, 2023	Expected loss rate	Total book value	Allowance for losses
Not overdue	1.01%	$ 374,572	$ 3,783
Within 30 days of overdue	38.44%	5,981	2,300
		$ 380,553	$ 6,083

December 31, 2022	Expected loss rate	Total book value	Allowance for losses
Not overdue	0.74%	$ 310,591	$ 2,287
Within 30 days of overdue	34.49%	44	15
		$ 310,635	$ 2,302

I. The Company's simplified statement of changes in the allowance for loss of accounts receivable (including related parties) is as follows:

	2023	2022
January 1	$ 2,321	$ 6,885
Provision (reversal) of impairment loss	3,889	(4,564)
December 31	$ 6,210	$ 2,321

Among the provisions (reversed) of losses in 2023 and 2022, the (reversed) provision for impairment of receivables generated from contracts with customers amounted to NT$3,889 and (NT$4,564), respectively.

(3) Liquidity risk

A. The cash flow forecast is carried out by each operating unit within the Company and summarized by the Company's financial unit. The Company's financial unit monitors the forecast of the Company's liquidity requirements to ensure that it has sufficient funds to meet operating needs.

B. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, which are classified according to the relevant maturity dates. Non-derivative financial liabilities are based on the residual period from the balance sheet date to the contract maturity date. Derivative financial liabilities are analyzed based on the residual period from the balance sheet date to the expected maturity date. The contractual cash flows disclosed in the table below are the undiscounted amounts.

December 31, 2023	Less than 1 year	1 to 2 years	2 to 5 years	Total
Non-derivative financial liabilities:				
Accounts payable (including related parties)	$ 350,197	$ -	$ -	$ 350,197

Other payable accounts (including related party)	241,300	-	-	241,300
Long-term notes and payables	-	33,776	12,281	46,057
Lease liabilities	1,092	364	-	1,456
Derivative financial liabilities:				
Forward Exchange Contract	$ 1,161	$ -	$ -	$ 1,161

December 31, 2022	Less than 1 year	1 to 2 years	2 to 5 years	Total
Non-derivative financial liabilities:				
Accounts payable (including related parties)	$ 290,444	$ -	$ -	$ 290,444
Other payable accounts (including related party)	204,487	-	-	204,487
Lease liabilities	1,092	1,092	364	2,548
Derivative financial liabilities:				
Forward Exchange Contract	$ 1,714	$ -	$ -	$ 1,714

(III) Information on fair value

1. The levels of the evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

   Class I: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to a market in which assets or liabilities are traded in sufficient frequency and quantity to provide pricing information on an ongoing basis. The fair value of the listed and OTC stocks invested by the Company belongs to this.

   Class II: Direct or indirect observable inputs for assets or liabilities, except for quoted prices included in Class I. The fair value of the emerging stocks and derivative instruments invested by the Company belongs to this.

   Class III: The unobservable input value of assets or liabilities includes the equity instrument investment that the Company invests in and for which there is no active market.

2. Financial instruments not measured at fair value

   Includes cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, accounts payable (including related parties), other payables (including related parties) and the book value of lease liabilities are the reasonable approximation of the fair value.

3. The financial and non-financial instruments measured at fair value are classified according to the nature, characteristics, risk, and fair value level of the assets and liabilities. Relevant information is as follows:

   (1) The information is classified according to the nature of the Company's assets and liabilities. The relevant information is as follows:

December 31, 2023	Class I	Class II	Class III	Total
Assets				
Repeated fair value				
Financial assets at fair value through profit or loss (FVTPL)				

	Class I	Class II	Class III	Total
Forward Exchange Contract	$ -	$ 5,670	$ -	$ 5,670
Financial assets at FVTOCI				
Equity securities	144,489	61,465	-	205,954
	$ 144,489	$ 67,135	$ -	$ 211,624
Liabilities				
Repeated fair value				
Financial liabilities measured at fair value through profit or loss				
Forward Exchange Contract	$ -	$ 1,161	$ -	$ 1,161

December 31, 2022	Class I	Class II	Class III	Total
Assets				
Repeated fair value				
Financial assets at fair value through profit or loss (FVTPL)				
Forward Exchange Contract	$ -	$ 3,980	$ -	$ 3,980
Financial assets at FVTOCI				
Equity securities	122,036	-	18,896	140,932
	$ 122,036	$ 3,980	$ 18,896	$ 144,912
Liabilities				
Repeated fair value				
Financial liabilities measured at fair value through profit or loss				
Forward Exchange Contract	$ -	$ 1,714	$ -	$ 1,714

(2) The methods and hypotheses used by the Company to measure fair value are as follows:

A. If the Company adopts market quotation as the input value of fair value (i.e. Class 1), the characteristics of the instruments are as follows:

	Listed company stock
Market quotation	Closing price

B. Except for the financial instruments in the active market, the fair value of other financial instruments is based on the evaluation technology or with reference to the quotation of the counterparty.

C. When evaluating non-standardized and less complicated financial instruments, the Company adopts the evaluation techniques widely used by market participants. The parameters used in the evaluation model of this kind of financial instrument are usually the information that is observable in the market.

D. The derivative financial instruments were evaluated according to the evaluation models widely accepted by the market users, such as the discount method. Foreign exchange forward contracts are usually evaluated based on the current forward exchange rate.

E. The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors related to the financial and non-financial instruments held by the Company. Therefore, the estimated value of the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value evaluation model management policies and related control procedures, the management believes that the evaluation adjustment is appropriate and necessary to properly express the fair value of the financial and non-financial instruments in the parent company only balance sheet. The price information and parameters used in the evaluation process have been carefully evaluated and adjusted according to the current market conditions.

4. There were no transfers between Class I and II in 2023 and 2022.
5. The following table shows the changes in Class III in 2023 and 2022:

	2023	2022
	Equity instruments	Equity instruments
January 1	$ 18,896	$ -
Profit or loss recognized in other comprehensive income		
Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	9,470	(1,136)
Transfer out of Class III:	(28,366)	-
Purchases in the current period	-	20,032
December 31	$ -	$ 18,896

6. Due to the Company's Class III equity instrument being listed on the Emerging Stock Market in November 2023, the trading volume began to increase steadily, resulting in sufficient observable market information becoming available. Consequently, at the end of the month in which this event occurred, the Company transferred the fair value measurement of this instrument from Class III to Class II. There was no transfer in or out from Class III in 2022.
7. In the evaluation process for the Company's fair value classified to Class III, the Finance Department is responsible for verifying the independent fair value of the financial instrument. The data from independent sources are used to approximate the evaluation results to the market status, and to confirm that the data sources are independent, reliable, and resources and any necessary fair value adjustment to ensure that the evaluation result is reasonable.

   In addition, the finance department determines the fair value evaluation policies, evaluation procedures, and confirmation of financial instruments in accordance with relevant International Financial Reporting Standards.
8. The quantitative information about the significant unobservable input value of the evaluation model used for Class III fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	December 31, 2022 Fair value		Evaluation technology	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:						
Non-listed stocks of TWSE/GTSM	$	18,896	Comparable TWSE/GTSM listed stocks	Note 1	1.80	Note 2

December 31, 2023: no such situation

Note 1: P/E multiplier, discount for the lack of market liquidity.

Note 2: The higher the multiplier, the higher the fair value; the higher the discount for the lack of market liquidity the lower the fair value.

9. The Company carefully selects the evaluation model and evaluation parameters; however, different evaluation models or parameters may result in different evaluation results.

XIII. Disclosures in notes

(I) Information about significant transactions

1. Loaning of funds to others: None.
2. Making endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and jointly controlled entities): Please refer to Table 1.
4. The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital: None.
5. The amount of acquired real estate reaches NT$300 million or more, or 20% of the paid-in capital: None.
6. Disposal of real estate properties amounting to NT$300 million or more, or 20% of the paid-in capital: None.
7. The total purchase from and sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 2.
8. Accounts receivable from related parties amounting to at least NT$100 million, or 20% of the paid-in capital: Please refer to Table 3.
9. Trading of derivatives: Please refer to Note 6 (2).
10. Information on the business relationship between the parent company and its subsidiaries and between each subsidiary and the circumstances and amounts of any important transactions between them: Please refer to Table 4.

(II) Information on reinvested businesses

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 5.

(III) Investment in Mainland China

1. Basic information: Please refer to Table 6.

2. Significant transactions with investee companies in mainland China directly or indirectly through enterprises in a third region: Please refer to Table 4.

(IV) Information of major shareholders

Information of major shareholders: Please refer to Table 7.

XIV. Department information

Not applicable.

Advanced Optoelectronic Technology Inc.

Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and jointly controlled entities)

December 31, 2023

Table 1

Unit: NT$ Thousand

(unless otherwise stated)

Companies held	Type and name of securities (Note 1)	Relationship with issuer of securities	Account titles in book	End of period: Shares (Thousand Shares)	End of period: Book value (Note 2)	End of period: Shareholding ratio (%)	End of period: Fair value	Remarks
Advanced Optoelectronic Technology Inc.	Northern Lights Semiconductor Corporation stock	None	Financial assets mandatorily measured at fair value through profit or loss - non-current	2,033	$ -	10.27%	$ -	None
Advanced Optoelectronic Technology Inc.	Shares of Excellence Optoelectronics Inc	None	Financial assets at fair value through other comprehensive income - non-current	312	9,937	0.15%	9,937	None
Advanced Optoelectronic Technology Inc.	Shares of Epileds Technologies, Inc.	The chairman of the Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	8,130	134,552	8.10%	134,552	None
Advanced Optoelectronic Technology Inc.	Shares in Hua Yang Precision Machinery Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	773	61,465	4.86%	61,465	None

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the aforementioned items within the scope of IFRS 9 "Financial Instruments."

Note 2: If the measurement is based on fair value, please fill in the book balance after adjustment for fair value evaluation and net of accumulated impairment. For the book value not measured at fair value, please fill in the book value of the original acquisition cost or cost after amortization deducting the accumulated impairment in the book value column.

Advanced Optoelectronic Technology Inc.

The total purchase from and sale to related parties amounting to at least NT$100 million or 20% of the paid-in capital

January 1 to December 31, 2023

Table 2

Unit: NT$ Thousand

(unless otherwise stated)

			Status of transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		
Purchase (sales) company	Name of counterparty	Relationship	Purchase (sales)	Amount	% of total purchase (sale)	Period of credit extension	Unit price	Period of credit extension	Balance	Percentage in total accounts/notes receivable (payable) (%)	Remarks
Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	Subsidiary of the Company	Sales volume	$ 244,792	13	O/A with net 120 days	-	-	$ 149,975	25	Note 1
Advanced Optoelectronic Technology Inc.	HON HAI PRECISION IND. CO., LTD.	Other related party	Sales volume	206,684	11	O/A with net 120 days	-	-	72,038	12	Note 1

Note 1: The price of the Company's sale to the above-mentioned related parties is similar to that of general customers, except when there is no similar transaction to follow, and the terms of the transaction are to be determined by both parties.

Advanced Optoelectronic Technology Inc.

Accounts receivable from related parties amounting to more than NT$100 million or 20% of the paid-in capital

December 31, 2023

Table 3

Unit: NT$ Thousand

(unless otherwise stated)

The company that accounts for the accounts receivable	Name of counterparty	Relationship	Receivables from related parties	Turnover (times)	Overdue accounts receivable – related Parties		Subsequent recovery of receivables from related Parties	Provision for loss Allowance
					Amount	Treatment method		
Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	Subsidiary of the Company	$ 149,975	1.52	$ 51,359	Enhancement of collection service	$ 45,816	$ -

Advanced Optoelectronic Technology Inc.

Information on the business relationship between the parent company and its subsidiaries and between each subsidiary and the circumstances and amounts of any important transactions between them

January 1 to December 31, 2023

Table 4

Unit: NT$ Thousand

(unless otherwise stated)

Serial number (Note 1)	Name of Transaction Party	Counterparty of transactions	Relationship with the counterparty (Note 2)	Status of transactions: Accounts	Amount	Trading terms and conditions	Percentage to consolidated total revenue or total assets (%) (Note 3)
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Sales volume	$ 244,792	Note 4	12.41
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Purchase volume	99,698	Note 4	5.05
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Accounts receivable	149,975	Note 4	4.47
0	Advanced Optoelectronic Technology Inc.	ZHAN JING Technology (Shen ZHEN) Co., Ltd.	1	Accounts payable	39,437	Note 4	1.17

Note 1: Information on business transactions between the parent company and its subsidiaries shall be specified in the numbered column. The number is to be entered as follows:

(3) "0" for the parent company.

(4) Subsidiaries are numbered sequentially from 1 onwards.

Note 2: There are three types of relationship with transaction parties, and it is sufficient to indicate the relationship:

(4) Between the parent company and its subsidiaries.

(5) Subsidiary to parent company.

(6) Subsidiaries to subsidiaries.

Note 3: In employing the ratio of transaction amount to consolidated revenue or assets, if it belongs as an asset and liability item, the ratio is calculated by taking the ending balance to the consolidated total assets. If it belongs as a profit and loss item, the ratio is calculated by taking the interim accumulated amount to the consolidated total revenue.

Note 4: The payment deadline for sales to related parties is 120 days after the shipment. The payment term for purchases with related parties, except for some materials, which is sight payment, is 120 days after purchase.

Note 5: List the ratios of transaction amount to total consolidated revenue or total assets that reach 1%.

Advanced Optoelectronic Technology Inc.

The name and location of the investee company and other relevant information (excluding mainland China investee companies)

January 1 to December 31, 2023

Table 5

Unit: NT$ Thousand

(unless otherwise stated)

Name of investment company	Name of investee company (Note 1, 2)	Location of the Company	Main Business	Initial investment amount: End of current period	Initial investment amount: End of last year	Held at end of period: Shares (Thousand Shares)	Held at end of period: Percentage (%)	Held at end of period: Book value	Profit or loss of the Investee	Investment income recognized in the current period	Remarks
Advanced Optoelectronic Technology Inc.	Advanced Optoelectronic Technology Holding Ltd.	Samoa	Investments in various businesses	$ 99,811	$ 99,811	3,250	100	$ 63,068	($ 13,012)	($ 13,012)	Subsidiary
Advanced Optoelectronic Technology Inc.	Asphetek Solution Inc.	Taiwan	Manufacture and sale of electronic components	142,000	42,000	14,200	47.33	95,530	91,088)	(44,799)	Subsidiary
Advanced Optoelectronic Technology Inc.	ELUX, Inc.	USA	Development of micro LED displays	91,188	91,188	283	25.94	-	(63,835)	-	Investee companies evaluated under the equity method
Advanced Optoelectronic Technology Holding Ltd.	AOT Holding Ltd.	Samoa	Investments in various businesses	67,632	67,632	2,250	100	64,185	(13,013)	-	Sub-subsidiaries

Note 1: If the public company that has a foreign holding company and complies with local laws and regulations, mainly rely on the consolidated financial statements in its financial statements, the relevant information about the foreign invested company may be disclosed only to the relevant information of the holding company.

Note 2: Please fill in the information as follows for situations other than those described in Note 1:

(4) The columns of “Name of investee company,” “Location,” “Main business,” “Original investment amount” and “Ownership at end of the period” must be filled out based on the (public) Company's investment status and the re-investment situation of each investee directly or indirectly controlled in order, and the relationship between each investee and the (public) Company (e.g., a subsidiary or a sub-subsidiary) must be indicated in the remarks column.

(5) Fill in the amount of current profit or loss of the investee in the column of "Profit or loss of investee for the current period."

(6) The column, Gains and losses on investment recognized for the current period, must be filled out with the (public) Company’s recognized subsidiaries through direct investments and the gain or loss amount for each of the equity-method investee company, and the rest is not required. When filling in the “Recognized amount of current profit or loss on each subsidiary directly invested,” it must be confirmed that the amount of the current profit or loss on each subsidiary includes investment gains and losses that must be recognized in accordance with the regulations for its investment.

Advanced Optoelectronic Technology Inc.
Investment in Mainland China - Basic Information
January 1 to December 31, 2023

Table 6

Unit: NT$ Thousand
(unless otherwise stated)

Name of investees in Mainland China	Main Business	Paid-in capital	Method of investment (Note 1)	Accumulated Investment Amount from Taiwan at Beginning of Period	Investment amount exported or recovered in the current period: Export	Investment amount exported or recovered in the current period: Recovered	Accumulated Investment Amount from Taiwan at End of period	Profit or loss of the investee	TheCompany's direct of indirect direct of indirect shareholding(%)	Investment income recognized in the current period Note 2	Book value of investment at ending period	Investment income received in the current period	Remarks
ZHAN JING Technology (Shen ZHEN) Co., Ltd.	Technology development, wholesale, import/export and related ancillary services of new electronic components and electronic products	$ 63,698	(2)	$ 63,698	$ -	$ -	$ 63,698	($ 13,019)	100%	($ 13,019)((2)B)	$ 65,543	$ -	
Asphetek Solution (Chengdu) Inc.	Manufacture and sale of electronic components	63,870	(1)	-	63,870	-	63,870	(4,742)	47.33%	(2,244) ((2)B)	57,250	-	
An Qing Xin Kairong Optoelectronics Material Technology Co., Ltd.	Technology development of optoelectronic materials, and wholesale of chemical raw materials and products.	21,685	(1)	4,337	-	(4,337)	` -	-	-	-	-	-	
Guangdong Kai Chuang Display Technology Co., Ltd.	R&D, production and sales of liquid crystal materials; self-operation and agency of the import/export of various commodities and technologies	4,309	(3)	-	-	-	-	21,487	20%	4,299 ((2)B)	6,222	3,517	

Company name	Accumulated investment from Taiwan to Mainland China at end of period	Investment Amount Approved by Investment Commission, MOEA	Upper limit of investment to Mainland China approved by the Investment Commission, MOEA
Advanced Optoelectronic Technology Inc.	$ 63,698	$ 65,402 (USD: 2,130thousand)	$ 1,551,472
Asphetek Solution Inc.	63,870	138,173 (USD: 4,500 thousand)	121,094

Note 1: Investment methods are divided into the following three types. It is sufficient to indicate the types of investments:

(4) Direct investment in mainland China.

(5) Reinvestment in China through a third country company (please specify the investment company in the third country): Reinvestment in China through AOT Holding Ltd. Reinvestment in China.

(6) The Company was directly invested by ZHAN JING Technology (Shen ZHEN) Co., Ltd.

Note 2: Recognized in the investment income column for the current period:

(3) It shall be specified if the investment is in preparation without any investment income.

(4) The recognition bases of investment income are classified into the following three categories, which shall be specified:

A. Financial statements audited and verified by the international accounting firm associated with the accounting firm of the Republic of China.

B. The financial statements audited and verified by the CPAs of the parent company in Taiwan.

C. Others.

Note 3: Figures in this table shall be stated in NTD.

Advanced Optoelectronic Technology Inc.
Information of major shareholders

December 31, 2023

Table 7

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio
Hua Zhun Investment Co., Ltd.	7,672,000	5.30%
BAO XIN INTERNATIONAL INVESTMENTS LIMITED	7,664,000	5.30%

Note 1: The information on major shareholders in this table is based on data of above 5% in total of common stock and preferred stock of the companies held by shareholders have completed dematerialized registration and delivery (including treasury shares) and is calculated each quarter on the final business day, by the Taiwan Depository & Clearing Corporation.

The capital stock reported in the Company's financial statements and the number of shares that the Company has completed dematerialized registration and delivery, may show discrepancies due to different basis in calculation.

Note 2: If any of the above-mentioned entities has transferred control of shareholdings to a trustee, then disclosure of information regarding the entity will be in the form of the Settler's account of trust opened by the trustee.According to the Securities and Exchange Act, insiders or shareholders holding more than 10% of shares must file if any changes in stocks held, which include shareholdings that have been transferred to trustee and trust assets that the shareholder may determine the usage of shares; for filed information of insiders' shares, please refer to the Market Observation Post System website.