Stock Code: 6462

Egis Technology Inc.

2023 Annual Report

Prepared by Egis Technology Inc.

Printed on March 31, 2024

(Website for viewing this annual report: http://mops.twse.com.tw)

I. Company spokesperson

Name: LEE, YI-PIN
Position: Sr. Deputy General Manager
Telephone: (02) 2658-9768
E-mail: ir@egistec.com

II. Acting Spokesperson

Name: Karen Chang
Position: Deputy General Manager
Telephone: (02) 2658-9768
E-mail: ir@egistec.com

III. Addresses and phone numbers of the headquarters, branch offices, and factories

Headquarters: 30F-1, No. 118, Ciyun Road, East District, Hsinchu City
Telephone: (03) 666-3568
Addresses and Contact Numbers of Branch Companies: Nil
Addresses and Contact Numbers of Factories: Nil

IV. Stock transfer agent

Name: Stock Service Department of Yuanta Securities Co., Ltd.
Address: B1, No. 210, Section 3, Chengde Road, Taipei City
Website: http://www.yuanta.com.tw
Telephone: (02) 2586-5859

V. CPAs of the latest annual financial report

Name of Certified Public Accountant: Accountants Pei-Chuan Huang and Chin-Chang Chen
Name of Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan
Address: 27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei
Website: https://www.pwc.tw
Telephone: (02) 2729-6666

VI. Name of the trading venue for the listing and trading of overseas securities and method for inquiring information about such securities: None

VII. Website of the Company: http://www.egistec.com

Table of Contents

One. Letter to Shareholders

Dear shareholders,

Here are the business results and business plans for the year 2023 as follows:

I. Business results for the year 2023

(I) Implementation Results of the Operating Plan for the Year 2023

The total consolidated operating revenue of the company for the year 2023 amounted to NTD3,848,595 thousand, an increase of 17% compared to NTD3,289,300 thousand in the year 2022. The pre-tax net loss was NTD1,083,436 thousand, the after-tax net loss was NTD1,003,459 thousand, and the comprehensive net loss for the period was NTD434,189 thousand.

Unit: NTD Thousand

Item	2022	2023
Operating revenue	3,289,300	3,848,595
Gross profit from operations	1,162,364	1,175,630
Operating net profit (loss)	(961,661)	(1,145,114)
Non-operating income and expenses	30,594	61,678
Pre-tax net profit (loss)	(931,067)	(1,083,436)
After-tax net profit (loss)	(902,338)	(1,003,459)
Total comprehensive income for the period	(1,737,344)	(434,189)
Basic earnings per share (NTD)	(12.31)	(9.97)

(II) Research and development status

Item	Research and development plan	Plan description
Software	Enhanced Artificial Intelligence Fingerprint Algorithm V2.0	Based on the original algorithm, the training of the artificial intelligence model is optimized to further enhance the recognition efficiency and reliability performance in smaller optical and capacitive fingerprint images, and the anti-counterfeiting capability of 2.5D is further improved.
	AI Model Driving Monitor System	The Driving Monitor System (DMS) uses AI to detect eyelid closure, blinking, gaze direction, yawning, and head movement to determine the driver's state, in order to reduce vehicle accidents.
Hardware	High-resolution capacitive fingerprint sensor chip	Enhance the sensitivity of the sensing unit design to further improve the signal-to-noise ratio of the overall fingerprint image acquisition, thereby further enhancing the match rate and anti-counterfeiting capability.
	Fingerprint Independent Computing Chip	The independent fingerprint recognition module that works with our company’s small-area fingerprint chips provides standalone and secure rapid fingerprint recognition functions without a host. It is integrated

Item	Research and development plan	Plan description
		with capacitive fingerprint technology to develop modules suitable for notebooks, offering Match on Chip (MOC) independent fingerprint recognition capabilities.
	Time-of-Flight (ToF) distance measurement sensor chip	Develop a multi-point matrix version to provide a more precise 3D depth map of object surfaces, suitable for fast focusing in multi-lens smartphones.
	Ambient light and proximity sensor chip	It provides ambient light detection and brightness adjustment for mobile phones, TVs, notebooks, and screens. The chip also offers proximity detection for mobile phones. Based on this, we have developed a function to detect flicker in the ambient light source, which can effectively enhance the quality of photography and videography under different lighting conditions.
	AI SoC Multi-Configuration Inference Accelerator	It is a collaborative project with ITRI. Based on the widespread application of AI technology in various industries, especially in edge devices where AI models can be directly applied, a series of AI accelerators are developed to optimize AI inference platforms for different computing capabilities required by Edge AI chips, ranging from MAC64 to MAC2048 and supporting formats such as INT8/BF16.
	Dynamic Vision Sensor (DVS)	It is more suitable as an image sensor for deep learning inference, reducing the data bandwidth of the sensing element and decreasing the computational load on the processor, to improve overall performance and reduce power consumption.

II. Summary of the 2023 business plan

Under the influence of global macroeconomic factors such as inflation, high interest rates, geopolitical risks, and the ongoing inventory destocking process in the supply chain, end-market demand remains weak. The economic downturn has affected the demand for consumer electronics. In the face of intense market competition, Egis, in addition to optimizing its existing fingerprint recognition products and enhancing the core technology competitiveness, is also actively transforming, focusing on the development of new products and applications, and expanding into non-fingerprint recognition chip business and applications in non-smartphone markets. Egis adopts a strategy of collaborative product development and integration within the group, leveraging horizontal and vertical integration in research and development to quickly launch products that meet market demand in the face of intense market competition.

The company is actively expanding its fingerprint recognition chip business into markets such as smartphones, notebook brands, and automotive, aiming to increase the market share of its fingerprint recognition chip products. At the same time, the company is venturing into non-fingerprint product areas by expanding its non-fingerprint recognition chip product line, including sensor product lines such as direct Time of Flight (dToF) for distance measurement, Under Display Ambient Light Sensors, and Flicker Detection Sensors. The research and development of the 3D Depth Map sensing technology for direct Time of Flight (dToF) has been completed, and the Time of Flight sensor chip has also been developed. In addition to its application in the fast focusing function of smartphones, it is also being introduced into notebooks and televisions in line with the trend of AI PCs. The technology allows for energy-saving adjustments to the display when no one is watching, and it will also be introduced into other applications such as IoT in the future.

The company, in response to the diverse needs of customers in different markets, continues to maintain close cooperative relationships with suppliers and expand its sources of wafers. Currently, the introduction of non-Taiwanese wafer foundries has also been progressively completed through the division of labor via equity investments. This ensures the improvement of supply quality, the stability of wafer foundry supply sources, and the optimization of the cost structure, enabling effective cost control.

III. Business policy and plans for the company in the year 2024

Egis has long been deeply involved in the field of fingerprint recognition, leveraging its technological advantages in biometric recognition to further integrate artificial intelligence deep learning into algorithms. At the same time, it is expanding the emerging applications of biometrics across various industries, developing high value-added products, optimizing the product portfolio, and strengthening market competitiveness. In addition to maintaining orders from existing customers, Egis is also actively developing new customers to expand the market and establish stable growth momentum for its operations.

As the demand for semiconductors and the trend of upgrading process nodes continue to rise, driving the demand for IP and design services, Egis has made a complete layout from upstream IP to downstream IC design in the supply chain through the acquisition of Dry Eye Technology. InPsytech, Inc. focuses on advanced manufacturing processes and has mass production experience in this field. The IPs developed are primarily used in four major areas: AI/HPC, automotive, storage, and fundamental component IPs. Key products include UCIe, DDR and LPDDR Combo PHY, ONFI 5.1 PHY, automotive sensors, transmission IPs, and a high-speed, low-power, compact, customizable Standard Cell Library, and special IO among other foundational component IPs. Several of these IPs support advanced 2.5D/3D packaging technologies like CoWoS/InFO. In the future, InPsytech's IPs will not only be supplied for use within the group's companies but will also continue to be provided to external customers.

The company's AI SoC multi-reconfigurable inference accelerator project in collaboration with the Industrial Technology Research Institute (ITRI) was completed and accepted in the year 112 (2023). Building on the design experience accumulated from this project and the company's years of expertise in the field of biometric recognition, we have recently invested in the research and development of an AI-based Driving Monitor System (DMS) to provide perception of driving behavior, in order to avoid safety risks and offer a better driving experience. By providing machine vision DVS sensors, we offer advantages in higher precision, lower power consumption, and reduced computational requirements, thereby providing better automotive safety control solutions. This AI application can also enhance the recognition and anti-counterfeiting capabilities of fingerprint recognition software.

The Company will continue to work in line with the government's AI development policies and strive to collaborate with industry experts and exchange ideas. This will help us better understand the needs and future development of industries, customers, and technologies, and determine the Company’s short, medium, and long-term development direction in the AI field. Due to the continuous growth in demand for semiconductors driven by AI, HPC (High-Performance Computing), electric vehicles, and the Internet of Things (IoT), and the entry into the era of advanced manufacturing processes, the demand for IP (Intellectual Property) and ASIC (Application-Specific Integrated Circuit) is increasing day by day. In the future, Egis will establish an advanced process end-to-end (End to End) IP/ASIC platform through group integration, further integrating the value of equity investment products, enhancing product development speed and application, customer stickiness, and creating a more diversified product strategy for the company, accelerating the company's revenue growth and profitability.

IV. Affected by the external competitive environment, regulatory environment, and overall business environment

Looking ahead, with the increase in global demand for artificial intelligence and high-performance computing, the inventory destocking of the supply chain coming to an end, and the gradual recovery of end-market demand, the medium and long-term development is full of growth and opportunities. However, the overall economy is still full of uncertainties. In 113 (2024), challenges still exist under the interference of uncertain factors such as geopolitical tensions, inflation, and war.

In the future, Egis will continue to focus on advanced manufacturing processes and develop more IPs. The company will accumulate IPs for technologies such as CoWoS, UCIe, and D2D, develop a more comprehensive IP layout, and launch better IP technologies. At the same time, we cooperate with investees to provide customers with diversified solutions, become a reliable and reliable partner of customers, and create synergies with investees and in-depth products. The company will also actively promote ESG (Environmental, Social, and Governance), focusing on the integration of core business and sustainable development, developing high-efficiency and low-power consumption products to contribute to energy saving and carbon reduction, enhancing corporate governance standards, fulfilling corporate responsibilities, creating long-term and stable value for the enterprise, and increasing shareholder returns. Lastly, we would like to express our sincere gratitude to our shareholders for their ongoing support and dedication.

Chairman and General Manager: LO, SEN CHOU 羅森洲

Two.Company Profile

I. Date of Establishment

December 26, 2007

II. Company History

December 2007	The Company was founded as Taxxtron International Corporation, with a registered capital of NTD 1,000,000 and paid-in capital of NTD 1,000,000.
January 2008	The Company conducted a capital injection of NTD 128,000,000 in cash and its paid-in capital after the capital injection was NTD 129,000,000.
February 2008	The Company acquired the main business and assets of Ching Hu Technology Corporation that mainly engaged in the development and sales of fingerprint recognition application software.
April 2008	The Company was merged with Egis International Inc. by absorption, with the merger record date as April 1, 2008. The Company issued new shares of NTD 51,000,000 for capital injection upon the merger and the paid-in capital after the capital injection was NTD 180,000,000. It was renamed as Egis Technology Inc.
May 2008	The Company acquired Egis Inc. and its subsidiaries; Egis Inc. and its subsidiaries mainly engaged in the development and sales of security software. The Company conducted a capital injection of NTD 180,500,000 in cash and its paid-in capital after the capital injection was NTD 360,500,000. The Company conducted a capital reduction of NTD 164,000,000 and its paid-in capital after the capital reduction was NTD 196,500,000. The Company conducted a capital injection of NTD 164,000,000 through a transfer from capital reserves and its paid-in capital after the capital injection was NTD 360,500,000.
July 2008	The Company conducted a capital injection of NTD 12,000,000 in cash and its paid-in capital after the capital injection was NTD 372,500,000. The Company acquired LighTuning Technology Inc., with the merger record date set as July 19, 2008. LighTuning Technology Inc. mainly engaged in the development and sales of biometric hardware. The Company issued new shares of NTD 123,799,000 for capital injection upon the merger and the paid-in capital after the capital injection was NTD 496,299,000.
August 2009	A subsidiary company, Egis Technology (Japan) Inc., was established in Japan.
July 2010	Employees exercised stock warrants of NTD 384,000 and the paid-in capital after the capital injection was NTD 496,683,000.
December 2013	Employees exercised stock warrants of NTD 25,810,000 and the

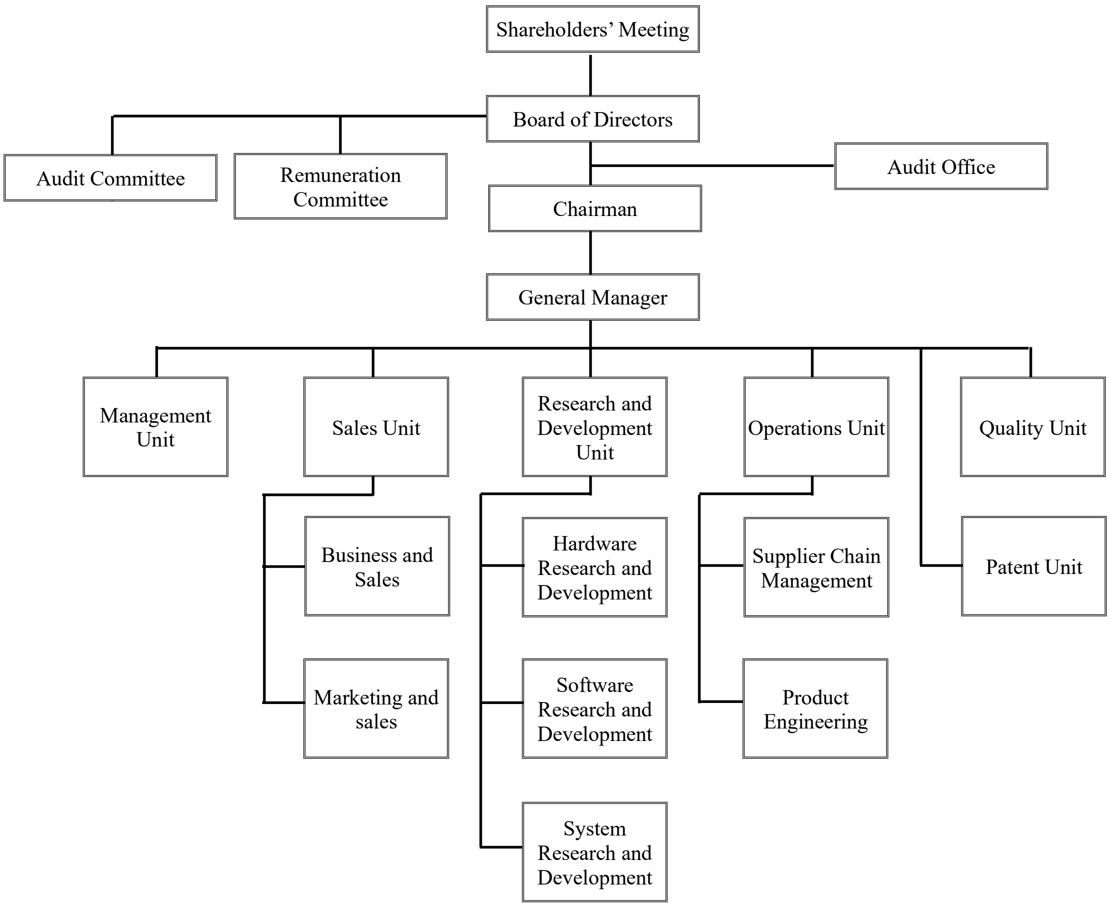
	paid-in capital after the capital injection was NTD 522,493,000.
February 2014	The Company conducted a capital injection of NTD 88,000,000 in cash and its paid-in capital after the capital injection was NTD 610,493,000.
April 2014	Employees exercised stock warrants of NTD 9,950,000 and the paid-in capital after the capital injection was NTD 620,443,000.
May 2014	The Company declared the public offering of shares and employee stock warrants.
June 2014	The Taipei Exchange approved the listing on the emerging stock market.
August 2014	Employees exercised stock warrants of NTD 200,000 and the paid-in capital after the capital injection was NTD 620,643,000.
December 2014	Employees exercised stock warrants of NTD 850,000 and the paid-in capital after the capital injection was NTD 621,493,000.
March 2015	Employees exercised stock warrants of NTD 50,000 and the paid-in capital after the capital injection was NTD 621,543,000.
April 2015	The "Opinions Regarding the Successful Development and Marketability of Products or Technologies Under Application by Technology Enterprises" was issued by the Industrial Development Bureau, Ministry of Economic Affairs and the letter issued by the Taipei Exchange was obtained.
September 2015	Employees exercised stock warrants of NTD 240,000 and the paid-in capital after the capital injection was NTD 621,783,000.
January 2016	The Company conducted a capital injection of NTD 62,910,000 in cash and its paid-in capital after the capital injection was NTD 684,693,000.
April 2016	Employees exercised stock warrants of NTD 2,950,000 and the paid-in capital after the capital injection was NTD 687,643,000.
August 2016	Employees exercised stock warrants of NTD 750,000 and the paid-in capital after the capital injection was NTD 688,393,000.
March 2017	Employees exercised stock warrants of NTD 8,385,000 and the paid-in capital after the capital injection was NTD 696,778,000.
August 2017	Employees exercised stock warrants of NTD 1,700,000 and the paid-in capital after the capital injection was NTD 698,478,000.
December 2017	Employees exercised stock warrants of NTD 710,000. The Company issued new restricted employee shares of NTD 5,720,000 and the paid-in capital after the capital injection was NTD 704,908,000.
March 2018	Employees exercised stock warrants of NTD 4,895,000 and the paid-in capital after the capital injection was NTD 709,803,000.
September 2018	The Company collected new restricted employee shares of NTD 60,000 and its paid-in capital after the capital reduction was NTD 709,743,000.
March 2019	Employees exercised stock warrants of NTD 930,000. The Company collected the new restricted employee shares of NTD 30,000 and the paid-in capital was NTD 710,643,000.
May 2019	Employees exercised stock warrants of NTD 965,000 and the paid-in capital after the capital injection was NTD 711,608,000.
December 2019	Employees exercised stock warrants of NTD 1,045,000, and the

	paid-in capital after the capital injection was NTD 712,653,000.
March 2020	Employees exercised stock warrants of NTD 1,225,000. The Company collected the new restricted employee shares of NTD 60,000 and the paid-in capital after the capital injection was NTD 713,818,000.
June 2020	The Company collected new restricted employee shares of NTD 30,000 and its paid-in capital after the capital reduction was NTD 713,788,000.
December 2020	The Company collected new restricted employee shares of NTD 30,000 and its paid-in capital after the capital reduction was NTD 713,758,000.
June 2021	The Company cancelled treasury stock of NTD 6,000,000 and its paid-in capital after the capital reduction was NTD 707,758,000.
November 2021	The Company collected new restricted employee shares of NTD 40,000 and its paid-in capital after the capital reduction was NTD 707,718,000.
December 2021	The Company cancelled treasury stock of NTD 15,000,000 and its paid-in capital after the capital reduction was NTD 692,718,000.
May 2022	The Company participated in the AI on Chip Research and Development Program "Reconfigurable Analog AI Chip Prospective Technology Research and Development Program" subsidized by the Ministry of Economic Affairs and released the world's first large-area fingerprint recognition analog AI chip.
July 2022	Alcor Micro Corporation has been incorporated into Egis as a consolidated entity since July 11, 2022.
May 2023	Issued NTD 50,000 thousand of private common stock, with the capital raised bringing the total paid-in capital to 742,718 thousand NTD.
January 2024	The company has resolved to acquire all issued shares of InPsytech, Inc. through a share exchange, using cash and issuing new shares as consideration.
March 2024	The company plans to issue new shares through a capital increase as the consideration for acquiring shares of Curious Holding Co., Ltd., in a share exchange cooperation project.

Three.Corporate Governance Report

I. Organization System

(I) The Company's Organizational Structure



(II) Business Operations of Major Departments

Department	Job Description
Audit Office	Audit, assess, study and formulate the internal controls of the Company and provide areas for improvement and suggestions to enhance business efficiency and the effective implementation of internal controls.
General Manager's Office	Be responsible for the overall operation planning and execution of the Company. Develop and implement the medium and long-term business strategy of the Company. Establish, supervise, and manage organizational operations and systems of various departments. Be directly responsible to the Board of Directors.
Management Unit	Integrate finance, accounting, information technology, legal, general affairs, and human resources within the organization and provide related professional services.
Sales Unit	Market development, formulation of strategies, customer relationship management, and development of new products. Follow up on issues that customers gave feedback on to improve customer satisfaction.
Research and Development Unit	Plan, design, and verify chips based on product development and market demand. Develop and verify algorithms, software, and firmware. Develop and manage customer projects.
Operations Unit	Introduce new technologies and improve processes. Reduce product defects and resolve product-related technical problems. Arrangement of mass production capacity, management of delivery schedule, production-marketing coordination, material planning, and production cost control. Outsourcing production management and warehouse control.
Quality Unit	Verification and guarantee of product quality. Assist in product development related reliability experiments and failure analysis. Evaluation, quality supervision and exception handling of outsourcing manufacturers. Handle customer complaints and provide customer problem analysis reports. Document control. Maintain and promote the quality system/activities.
Patent Unit	Responsible for the Company's R&D patent applications, patent evaluations and handling of disputes and litigations.

II. Information on directors, supervisors, general manager, deputy general managers, assistant general managers, department heads, and branch office managers.

(I) Information about Directors

1. Name, Work (Educational) Experience, Shareholding and Nature of Director

March 31, 2024; Unit: Shares; %

Position	Nationality or Place of Registration Gender Age	Name	Initial Date of Appointment	Date of Appointment	Term of Office	Shareholding upon Appointment Shares Held		Number of Shares Currently Held		Number of Shares Currently Held by Spouse and Underage Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Assumed in the Company and Other Companies	Other Managers, Directors or Supervisors with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chairman and President	Republic of China Male 60 – 69 years old	LO, SEN CHOU	08/05/2008	06/21/2023	3	9,006,262	12.13	9,006,262	12.13	0	0.00	426	0.00	Founder & Chairman of Egis Technology Inc. California State University Chico MSCS, USA	Chairman of HEADWAY CAPITAL LIMITED Director of Ivy Asset Management Consulting Co., Ltd. Director of ORIENTAL GOLD HOLDINGS LIMITED Chairman of Kiwi Technology Inc. Chairman, iCatch Technology Corporation (Representative of S.H.I.E.L.D. legal person) Chairman, Alcor Micro Corporation (Representative of S.H.I.E.L.D. legal person) Chairman, ALCORLINK Corporation (Representative of Algoltek legal person) Chairman, AlgolTek Inc.(Representative of Alcor Micro legal person) Chairman, Syncomm LTD.(Representative of Alcor Micro legal person) Chairman of Egis Vision Inc. (Representative of Jaan Huey Legal Person) Director of Silicon Optronics Inc. Director of Teletrx Co. (Representative of iCatch Technology Corporation Legal Person) Director of GALLOPWAVE Inc Chairman of Gear Radio Electronic Co. (Representative of Gear Radio Limited,	Director	RO, SHIH-HAO	Father and son	Description as per (Note 1)

Position	Nationality or Place of Registration Gender Age	Name	Initial Date of Appointment	Date of Appointment	Term of Office	Shareholding upon Appointment Shares Held		Number of Shares Currently Held		Number of Shares Currently Held by Spouse and Underage Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Assumed in the Company and Other Companies	Other Managers, Directors or Supervisors with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
															Samoa) Director of Star River Semiconductor(Representative of Alcor Micro legal person) Director of Ene Technology Inc. (Representative of Alcor Micro legal person)				
Director	Republic of China Male 70 – 79 years old	SHIH, CHEN-JUNG	10/17/2014	06/21/2023	3	0	0.00	0	0.00	10,000	0.01	0	0.00	Honorary Doctor of International Law, Thunderbird International Management Institute Honorary Fellowship of the University of Wales Honorary Doctor of Science and Technology, Hong Kong Polytechnic University Honorary Doctor of Engineering, National Chiao Tung University Master of Electronic Engineering, National Chiao Tung University Founder and Honorary Chairman of Acer Group	Director of Acer Inc., Limited Director of Acer Medical Inc. Director of Nan Shan Life Insurance Co., Ltd. Director of Hung Jung Investment Co., Ltd. Director of Egis Technology Inc. Director of Taiwan Public Television Service Foundation Director of Chinese Television System Corporation President of Cloud Gate Culture and Arts Foundation Chairman of Stans Foundation Chairman of CT Ambi Inc. Director of AiSails Power Inc. Chairman of Porrima Inc. Director of One Song Inc. Chairman of Himalaya Venture Capital Inc. Director of Himalaya Venture Capital Management Consulting Inc. Director of Transformative Cell Processing Co., Ltd. Chairman of Chew's Culture Foundation Director of SanCode Foundation	Nil	Nil	Nil	
Director	United States Male 30 – 39 years old	RO, SHIH-HAO	06/22/2017	06/21/2023	3	132,000	0.18	132,000	0.18	0	0.00	0	0.00	University of California, Riverside Business Manager and Vice General Manager of Egis Technology Inc. SBI & Capital 22 Mizuho Securities Asia Ltd	The Company's appointment of Senior Deputy General Manager.	Chairman	LO, SEN CHOU	Father and son	Description as per (Note 1)
Director	Republic of China Male 60 – 69 years old	CHEN, CHAU CHEN	06/21/2023	06/21/2023	3	0	0.00	0	0.00	0	0.00	0	0.00	Ph. D of Material Science, Stanford University, California, USA Vice President of FTS, TSMC Japan, Japan Sr. Director of Business Development, TSMC, Taiwan, President, Global Unit Chip, Taiwan	Chief Business Officer, Brillnics Inc, Zhubei, Taiwan	Nil	Nil	Nil	
Director	Republic of	TSAI,	06/21/2023	06/21/2023	3	0	0.00	0	0.00	1,000	0.00	0	0.00	Utah State University, Master of	Chairman of Hua-Jie (Taiwan)	Nil	Nil	Nil	

Position	Nationality or Place of Registration Gender Age	Name	Initial Date of Appointment	Date of Appointment	Term of Office	Shareholding upon Appointment Shares Held		Number of Shares Currently Held		Number of Shares Currently Held by Spouse and Underage Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Assumed in the Company and Other Companies	Other Managers, Directors or Supervisors with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
	China Male 60 – 69 years old	CHIH-CHUN												Computer Science National Chiao Tung University, Bachelor of Computer Science Senior Director of Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) Asia-Pacific Business	Corp. Director of Coretech Optical Co., Ltd. Independent Director of Leadtrend Technology Corp.				
Independent Director	Republic of China Male 60 – 69 years old	CHEN, LAI-JUH	06/18/2020	06/21/2023	3	0	0.00	0	0.00	0	0.00	0	0.00	Thunderbird School of Global Management, Arizona State University, EMBA General Manager and CEO of AUO General Manager of Solar Business Group of AUO	Chung Hua University, Lecturer National Chiao Tung University, Adjunct Professor Independent Director of Ardentec Technology Inc. Independent Director of Unimicron Technology Corp.	Nil	Nil	Nil	
Independent Director	Republic of China Male 60 – 69 years old	STARK LIANG	06/21/2023	06/21/2023		18,000	0.00	0	0.00	0	0.00	0	0.00	Master's Degree, Department of Information, Chung Yuan Christian University Manager of Acer Technology Electronics Institute, Industrial Technology Research Institute	Chairman and CEO of Stark Technology, Inc. Person in Charge of Stark Technology Inc.(U.S.A) Person in Charge of S-Rain Investment Ltd. Independent Director of ITEQ Corporation Director of National Information Infrastructure Enterprise Promotion Association	Nil	Nil	Nil	
Independent Director	Republic of China Male 40 – 49 years old	LIAO, CHUN-CHIEH	06/21/2023	06/21/2023		0	0.00	0	0.00	0	0.00	0	0.00	Master's Degree, Business Administration, National Taiwan University Chairman Special Assistant of HTC Corporation CFO of FocalTech Systems Co., Ltd. Finance Manager of MediaTek Inc.	Independent Director of Alcor Micro Corp.	Nil	Nil	Nil	
Independent Director	Republic of China Male 60 – 69 years old	TSENG, YU-I	06/21/2023	06/21/2023		0	0.00	0	0.00	0	0.00	0	0.00	Department of Industrial Engineering, Chung Yuan Christian University Marketing Assistant Vice President of Taiwan Branch of Cirrus Logic of America	Chairman of EDOM Technology Co., Ltd. Director of Largan Health Technology Director of AcSiP Technology Corp. Independent Director of TAI-SAW TECHNOLOGY CO., LTD.	Nil	Nil	Nil	

Note 1: Since the chairman also serves as the general manager, for corporate governance purposes, the company appointed one additional independent director on June 21, 2023, and more than half of the directors do not hold positions as employees or managers.

2. Principal Shareholder of the Juristic Person Shareholder: Nil.

The principal shareholder of the juristic person shareholder is the principal shareholder of a juristic person: Nil.

3. Disclosure of professional qualifications of directors and independence information of independent directors

Criteria / Name	Professional Qualifications and Experience	Compliance with Independence	Number of Other Public Companies in which He/She is Concurrently an Independent Director
LO, SEN CHOU	Mr. LO, SEN CHOU, Chairman of the Board, has extensive industry experience and leadership skills and is responsible for the strategic planning, structuring, promotion and long-term development of the Company.	(1) Not in violation of any of the matters listed in Article 30 of the Company Act. (2) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	0
SHIH, CHEN-JUNG	Director SHIH, CHEN-JUNG is the founder of Acer Group. He is familiar with the development trends and industry conditions of the semiconductor industry, and has extensive leadership and decision-making skills.	(1) Not a spouse or relative within the second degree of kinship of other directors. (2) Not in violation of any of the matters listed in Article 30 of the Company Act. (3) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	0
RO, SHIH-HAO	Mr. RO, SHIH-HAO, a director, currently also serves as the Senior Vice President of our company, dedicated to promoting the diverse applications and technological research and development of fingerprint chips.	(1) Not in violation of any of the matters listed in Article 30 of the Company Act. (2) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	0
CHEN, CHAU CHEN	Mr. CHEN, CHAU CHEN, a director, previously served as the General Manager of GLOBAL UNICHIP CORP. He is well versed in the development trends and conditions of the electronics industry, and possesses extensive leadership and decision-making skills, having accumulated rich experience and a broad network in the industry.	(1) Not a spouse or relative within the second degree of kinship of other directors. (2) Not in violation of any of the matters listed in Article 30 of the Company Act. (3) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.	0
TSAI, CHIH-CHUN	Mr. TSAI, CHIH-CHUN, a director,	(1) Not a spouse or relative within the second degree of kinship of other directors.	1

<table>
<tr><td></td><td>previously served as the Senior Director of Asia-Pacific Business at Taiwan Semiconductor Manufacturing Co., Ltd. He is well versed in the development trends and conditions of the electronics industry, and possesses extensive leadership and decision-making skills, having accumulated rich experience and a broad network in the industry.</td><td>(2) Not in violation of any of the matters listed in Article 30 of the Company Act.
(3) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.</td><td></td></tr>
<tr><td>CHEN, LAI-JUH</td><td>Independent director CHEN, LAI-JUH was formerly the general manager and CEO of AU Optronics. He is familiar with the development trends and industry conditions of the electronics industry, has extensive leadership and decision-making skills, and has accumulated extensive experience and strong connections in the industry.</td><td rowspan="4">The independent directors of the Company have met the following independence criteria for the two years preceding their appointment and during their term of office:
(1) Not an employee of the Company or its affiliated enterprise.
(2) Not a director, supervisor (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent).
(3) Individuals who, other than themselves, their spouses, and their minor children, or under someone else’s name, hold more than 1% of the company’s issued shares or are among the top ten natural person shareholders.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of any of the managers listed in (1) or the personnel listed in (2) and (3).
(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, is within the top five shareholders, or appointed a representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company).
(6) Not a director, supervisor, or employee of another company controlled by the same person who holds more than half of the Company’s director seats or voting shares (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company).
(7) Not a director, supervisor, or employee of another company or institution with the same person or spouse as the Chairman, General Manager or equivalent of the Company (except for independent directors appointed in accordance with the Act or</td><td>2</td></tr>
<tr><td>STARK LIANG</td><td>Independent Director, Mr. STARK LIANG is the Chairman and Chief Executive Officer of STARK TECHNOLOGY INC. He is familiar with the development trend and status of the electronics industry and has extensive leadership and decision-making skills.</td><td>1</td></tr>
<tr><td>LIAO, CHUN-CHIEH</td><td>Independent Director LIAO CHUN-CHIEH has extensive financial and investment experience and is currently a director of FocalTech Systems Co., Ltd. He is familiar with the development trends and industry conditions of the semiconductor industry, and has extensive leadership and decision-making skills.</td><td>1</td></tr>
<tr><td>TSENG, YU-I</td><td>Independent Director, Mr. TSENG, YU-I, is the Chairman and Chief Executive Officer of EDOM Technology Co. He is familiar with the development trend and status of the electronics industry and has</td><td>1</td></tr>
</table>

	extensive leadership and decision-making skills.	the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company). (8) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution with financial or business dealings with the Company (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent company, its subsidiary or a subsidiary of the same parent company and, if the specific company or institution holds more than 20% of the total issued shares of the Company, the threshold amount is raised to 50%). (9) Excluded are professionals, sole proprietors, partners, company or institution owners, directors (trustees), supervisors (auditors), managers, and their spouses who have provided the company or its related enterprises with business, legal, financial, accounting, or other related services, and whose cumulative remuneration over the past two years did not exceed NTD 500,000. However, this exclusion does not apply to members of the Compensation Committee, the Public Takeover Review Committee, or the Mergers and Acquisitions Special Committee who perform their duties under the Securities Transaction Act or the Business Mergers and Acquisitions Act. (10) Not a spouse or relative within the second degree of kinship of other directors. (11) Not in violation of any of the matters listed in Article 30 of the Company Act. (12) Has not been elected in the capacity of the government, juristic person or its representative in accordance with Article 27 of the Company Act.。	

(II) Diversity and Independence of the Board of Directors:

The Board of Directors' diversity policy, objectives and achievement:

(1) Diversity policy:

The Company's Board diversity policy is set out in Article 20 of the "Corporate Governance Best Practice Principles". The policy content is as follows:

The composition of the Board of Directors shall be determined by taking diversity into consideration, and an appropriate diversity policy shall be formulated based on the operations, business type and development needs of the Company.

The members of the Board should generally possess the knowledge, skills and qualities necessary to carry out their duties. To achieve the desired objectives of corporate governance, the Board as a whole should have the following competencies:

I. Operational judgment capability.

II. Accounting and financial analysis capability.

III. Business management capability.

IV. Crisis management capability.

V. Industry knowledge.

VI. International market perspective.

VII. Leadership ability.

VIII. Decision-making ability.

(2) The specific management objectives and achievements of the diversity policy are as follows:

All the directors of the company have extensive experience in business management, leadership decision-making, and industry knowledge. They excel in leadership, operational judgment, business management, crisis handling, and have industry knowledge and an international market perspective. The directors include Lozen Chou, Shih-Jen Shih, and four independent directors. Among them, independent director Liao Jun-Jie has a professional background in accounting and financial analysis and can provide professional advice from different perspectives. All independent directors have experience in significant management positions such as chairman or general manager in publicly listed companies. The company's industries include technology, electronics, information security, and communications. They possess expertise in marketing, technology, business management, industry knowledge, and operational judgment.

The company currently has nine directors, of whom 22% are directors who are employees, 44% are independent directors, and 0% are female directors. Three independent directors have less than three years of tenure, one independent director has more than three years of tenure, one director is over 70 years old, six are between 60-69 years old, and two are under 60 years old. The company is committed to gender equality in the composition of its board members and aims to increase the number of female directors by at least one. It is expected that one female director will be added in the ninth board of directors to achieve this goal.

The basic composition of the Board of Directors is as follows:

Core Items of Diversity Item / Name of Director	Nationality	Gender	Also An Employee of The Company	Age			Independent director Years of Service		Ability To Make Operational Judgments	Ability To Perform Accounting and Financial Analysis	Ability To Execute Business Management	Ability To Execute Crisis Management	Industry Knowledge	An International Market Perspective	Leadership Capability	Decision-making Capability
				Below 60	61 – 70	Over 71	3 Years Below 60	3 to 9 Years								
LO, SEN CHOU	Republic of China	Male	v		v				v		v	v	v	v	v	v
SHIH, CHEN-JUNG	Republic of China	Male				v			v		v	v	v	v	v	v
TSAI, CHIH-CHUN	Republic of China	Male			v				v		v	v	v	v	v	v
RO, SHIH-HAO	United States	Male	v	v					v		v	v	v	v	v	v
CHEN, CHAU CHEN	Republic of China	Male			v				v		v	v	v	v	v	v
CHEN, LAI-JUH	Republic of China	Male			v			v	v		v	v	v	v	v	v
STARK LIANG	Republic of China	Male			v		v		v		v	v	v	v	v	v
LIAO, CHUN-CHIEH	Republic of China	Male		v			v		v	v	v	v	v	v	v	v
TSENG, YU-I	Republic of China	Male			v		v		v		v	v	v	v	v	v

(3) Independence of Board of Directors:

In 2023, the company comprehensively re-elected its board of directors (including independent directors). Currently, the board consists of nine directors, of which four are independent directors. There are no situations among the directors as stipulated by Sections 3 and 4 of Article 26-3 of the Securities Exchange Act.

(III) Information on the General Manager, Deputy General Managers, Assistant Managers, heads of various departments, and branch offices

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chairman and President	Republic of China	LO, SEN CHOU	Male	05/10/2023	9,006,262	12.13	0	0.00	426	0.00	Founder & Chairman of Egis Technology Inc. /MSCS, California State University	Chairman of HEADWAY CAPITAL LIMITED Director of Ivy Asset Management Consulting Co., Ltd. Director of ORIENTAL GOLD HOLDINGS LIMITED Chairman of Kiwi Technology Inc. Chairman, iCatch Technology Inc. (Representative of S.H.I.E.L.D. legal person) Chairman, Alcor Micro Corporation (Representative of S.H.I.E.L.D. legal person) Chairman, ALCORLINK Corporation (Representative of Algoltek legal person) Chairman, AlgolTek Inc.(Representative of Alcor Micro legal person) Chairman, Syncomm LTD.(Representative of Alcor Micro legal person) Chairman of Egis Vision Inc. (Representative of Jaan Huey Legal Person) Director of Silicon Optronics Inc. Director of Teletrx Co. (Representative of iCatch Technology Corporation Legal Person) Director of GALLOPWAVE Inc Chairman of Gear Radio Electronic Co. (Representative of Gear Radio Limited, Samoa) Director of Star River Semiconductor (Representative of Alcor Micro legal person) Director of Ene Technology Inc. (Representative of Alcor Micro legal person)	Sr. Deputy General Manager	RO, SHIH-HAO	Father and son	
Sr. Deputy General Manager	United States	RO, SHIH-HAO	Male	12/01/2018	132,000	0.18	0	0.00	0	0.00	University of California, Riverside President of Egis Technology Inc. SBI & Capital 22 Mizuho Securities Asia Ltd	Sr.Vice President of Egis Technology Inc.	Chairman	LO, SEN CHOU	Father and son	Description as per (Note 1)
Chief Financial Officer	Republic of China	LEE, YI-PIN	Male	09/01/2016	138,700	0.20	0	0.00	0	0.00	Central Missouri State University MBA Department of Economics, Chung Hsing University Chief Financial Officer of Primax Electronics Ltd. Chief Financial Officer of DaStrong Corporation Chief Financial Officer of Central Corporation Chief Financial Officer of TSTC Manager of Acer Inc.	Director of Alcor Micro Corporation Chairman of Luxsentek Microelectronics Corp. Chairman of VASUBI Technology Inc. Chairman of NUI Technology Inc. Chairman of Taurus Wireless Inc. Chairman of Transducer Star Technology Inc. Chairman of OceanX Inc. Director of Egis (Hong Kong) Limited Juristic Person Director of Astrogate Inc.	Nil	Nil	Nil	

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Chief Technology Officer	Republic of China	LIN, HENG-ZHI	Male	03/13/2014	0	0.00	0	0.00	0	0.00	Ph.D. in Electrical Engineering, Stanford University B.S. and M.S. in Electrical Engineering, National Taiwan University Finance Manager of Airoha Technology	Nil	Nil	Nil	Nil	
Deputy General Manager	Republic of China	KAREN CHANG	Female	11/13/2017	0	0.00	0	0.00	0	0.00	Deputy Director, Technology Foresight Section, Science and Technology Report Office, Executive Yuan, National Taiwan University of Science and Technology Group Leader of Cybersecurity Technology Institute, Institute for Information Industry Office Director of Transnational Information Plan, Ministry of Science and Technology (iCAST)	Nil	Nil	Nil	Nil	
Deputy General Manager	Republic of China	JIMMY HSU	Male	03/05/2018	8,000	0.00	0	0.00	0	0.00	Department of Mechanical Engineering, National Sun Yat-sen University Sr. Project Manager of Egis Technology Inc. Associate & Sr. Software Manager of Corel Software Manager & Software Engineer of Intervideo	Egis Technology (Korea) Inc. Director Director of Precise Biometrics AB	Nil	Nil	Nil	
Deputy General Manager	Republic of China	HSU, SU-YIN	Female	03/29/2023	0	0.00	0	0.00	0	0.00	Master's Degree from Institute of Industrial Engineering, National Taiwan University Bachelor of Economics, National Chengchi University Deputy General Manager of Alcor Micro Corporation	President of ENE Technology Inc.	Nil	Nil	Nil	
Accountant Associate and Corporate Governance Director	Republic of China	KATHY HUANG	Female	11/14/2013	5,000	0.00	0	0.00	0	0.00	Department of Public Finance, National Chung Hsing University Manager of Accounting Department of Biodenta Corporation	Supervisor of Egis Technology (Japan) Inc. Supervisors Supervisor of OceanX Inc. Supervisor of Luxsentek Microelectronics Corp. Supervisor of VASUBI Technology Inc. Supervisor of NUI Technology Inc. Supervisor of Taurus Wireless Inc. Supervisor of Transducer Star Technology Inc.	Nil	Nil	Nil	
Audit	Republic of	SHEN,	Male	11/27/2023	0	0.00	0	0.00	0	0.00	Bachelor, Department of	Nil	Nil	Nil	Nil	

Position	Nationality	Name	Gender	Date of Appointment	Shares Held		Shareholding of Spouse and Minor Children		Shares Held in Others' Names		Main Work (Educational) Experience	Concurrent Positions Currently Held in Other Companies	Manager with Whom a Spousal Relationship or Relationship within the Second Degree of Kinship Exists			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Position	Name	Relationship	
Manager	China	JIA-CHUAN									Accounting, Takming University of Science and Technology Audit Division of LHC CPA Audit section chief of KENMEC MECHANICAL ENGINEERING CO.,LTD Deputy Audit Manager of Gigastone Corporation Audit Director Longchen Paper & Packaging Co., Ltd Audit Manager of YEH-CHIANG TECHNOLOGY CORP.					
Deputy General Manager	Republic of China	JIMMY HSU	Male	03/05/2018	10,000	0.01	0	0.00	0	0.00	Department of Mechanical Engineering, National Sun Yat-sen University Sr. Project Manager of Egis Technology Inc. Associate & Sr. Software Manager of Corel Software Manager & Software Engineer of Intervideo	Egis Technology (Korea) Inc. Director	Nil	Nil	Nil	

Note 1: Because the Chairman also serves as the General Manage, for corporate governance reasons, the Company expects to add one independent director before December 31, 2023, and more than half of the directors are not concurrently employees or managers.

III. Remunerations Paid to Directors, Supervisors, General Managers and Deputy General Managers for the Last Fiscal Year

(I) Directors' (Including Independent Directors) Remunerations

December 31, 2023; Unit: NTD Thousands; %

Position	Name	Directors' Remunerations								Percentage of Aggregate of Four Items A, B, C and D in Net Profit After Tax		Relevant Remunerations Received by Directors who are also Employees								Percentage of Aggregate of Seven Items A, B, C, D, E, F and G in Net Profit After Tax		Remunerations Received from Invested Businesses other than Subsidiaries of the Company or the Parent Company
		Remunerations (A)		Severance and Pension (B)		Directors' Remuneration (C)		Business Execution Fee (D)				Salaries, Bonuses and Special Disbursements (E)		Retirement Pension (F)		Employee Remunerations (G)						
																The Company		All Companies in the Financial Report				
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	Amount in Cash	Amount in Shares	Amount in Cash	Amount in Shares	The Company	All Companies in the Financial Report	
Chairman	LO, SEN CHOU	0	3,510	0	0	0	0	0	167	0.00%	-0.51%	15,173	15,173	0	0	0	0	0	0	-2.10%	-2.61%	507
Director	RO, SHIH-HAO	0	0	0	0	0	0	0	0	0.00%	0.00%	7,953	7,953	0	0	0	0	0	0	-1.10%	-1.10%	Nil
Director	SHIH, CHEN-JUNG	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	Nil
Vice Chairman	YU, MING-TUO (Note 1)	0	0	0	0	0	0	0	0	0.00%	0.00%	372	372	51	51	0	0	0	0	-0.06%	-0.06%	Nil
Director	CHEN, CHAO-QIAN (Note 2)	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	Nil
Director	TSAI, CHIH-CHUN (Note 3)	0	0	0	0	0	0	30	30	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	Nil
Independent Director	WENG, MING-CHENG (Note 4)	227	227	0	0	0	0	10	10	-0.03%	-0.03%	0	0	0	0	0	0	0	0	-0.03%	-0.03%	Nil
Independent Director	HUANG, DAL-	227	227	0	0	0	0	0	0	-0.03%	-0.03%	0	0	0	0	0	0	0	0	-0.03%	-0.03%	Nil

	LUN (Note 5)																					
Independent Director	CHEN, LAI-JUH	480	480	0	0	0	0	30	30	-0.07%	-0.07%	0	0	0	0	0	0	0	0	-0.07%	-0.07%	Nil
Independent Director	LIANG, HSIU-TSUNG (Note 6)	253	253	0	0	0	0	30	30	-0.04%	-0.04%	0	0	0	0	0	0	0	0	-0.04%	-0.04%	Nil
Independent Director	LIAO, CHUN-JIE (Note 7)	253	570	0	0	0	0	30	96	-0.04%	-0.09%	0	0	0	0	0	0	0	0	-0.04%	-0.09%	Nil
Independent Director	TSENG, YU-YI (Note 8)	253	253	0	0	0	0	30	30	-0.04%	-0.04%	0	0	0	0	0	0	0	0	-0.04%	-0.04%	Nil

1. Please state the policy, system, standard, and structure of independent directors' bonus payment and the relationship between the bonus amount and factors such as responsibilities, risks and contributed time: The remuneration of the independent directors of the Company shall be handled in accordance with the Articles of Association. The Remuneration Committee will deliberate on the extent of their participation in the Company's operation and the value of their contributions. The reasonable and fairness of the performance risk shall correspond with the remuneration received. After considering the Company's operating performance and the usual level of payment of the same industry, the Remuneration Committee shall make suggestions and submit them to the Board of Directors for resolution.
2. In addition to the remuneration disclosed in the above table, remunerations received by directors for providing services to all companies included in the financial statements in the most recent year (such as serving as a consultant to the parent company/all companies included in the financial statements/reinvested enterprises who are not employees): None.

Note 1, Note 4, Note 5: Directors relieved on June 21, 2023

Note 2, Note 3, Note 6, Note 7, Note 8: New directors on June 21, 2023

(II) Supervisors' Remunerations

Since the 5th Board of Directors, the Company has established an Audit Committee to replace the function of Supervisors. Therefore, this is not applicable.

(III) Remuneration to the President, Vice Presidents, and the top 5 executives with the highest remuneration

December 31, 2023; Unit: NTD Thousands; Thousand shares; %

Position	Name	Salaries (A)		Severance and Pension (B)		Bonuses and Special Disbursements, etc. (C)		Amount of Employee Remunerations (D)				Percentage of Aggregate of Four Items A, B, C and D in Net Profit After Tax (%)		Remunerations Received from Invested Businesses other than Subsidiaries of the Company or the Parent Company	Top five highest paid management personnel from all companies in the consolidated report
								The Company		All Companies in the Financial Report					
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	Amount in Cash	Amount in Shares	Amount in Cash	Amount in Shares	The Company	All Companies in the Financial Report		
Chairman and President(Note 1)	LO, SEN CHOU	12,000	12,000	0	0	3,173	3,173	0	0	0	0	-2.10%	-2.10%	Nil	V
Sr. Deputy General Manager(Note 1)	LEE, YI-PIN	3,620	4,108	108	108	1,659	1,659	0	0	0	0	-0.75%	-0.81%	Nil	V
Chief Technology Officer and Chief Operating Officer	LIN, GONG-YI (Note 1)	1,500	1,500	45	45	199	199	0	0	0	0	-0.24%	-0.24%	Nil	
Deputy General Manager	TONY LO (Note 2)	2,400	2,566	108	108	749	749	0	0	0	0	-0.45%	-0.47%	Nil	V
Deputy General Manager	SU, JIE-BIN (Note 2)	740	740	44	44	186	186	0	0	0	0	-0.13%	-0.13%	Nil	
Deputy General Manager	JIMMY HSU	2,400	2,400	108	108	447	447	0	0	0	0	-0.41%	-0.41%	Nil	V
Deputy General Manager	KAREN CHANG	1,800	1,800	108	108	735	735	0	0	0	0	-0.37%	-0.37%	Nil	V
Deputy General Manager	HSU, SU-YIN (Note 3)	1,547	1,547	81	81	363	363	0	0	0	0	-0.28%	-0.28%	Nil	
Chief Technology Officer	CHOU, CHENG-ZAN (Note 4)	1,400	1,400	59	59	0	0	0	0	0	0	-0.20%	-0.20%	Nil	

Note 1: In response to the company's organizational development and operational management needs, Mr. LO SEN-CHOU, the Chairman, will also assume the role of General Manager from May 10, 2023, while Mr. RO, SHIH-HAO will transition to the position of Senior Vice President of Business.
Note 2: Resigned on May 31, 2023.
Note 3: Took office on March 29, 2023.
Note 4: Took office on May 31, 2023.

Classification of Remunerations

Classification of Remunerations Paid to Various General Managers and Deputy General Managers in the Company	Name of General Manager and Deputy General Manager	
	The Company	All Companies in the Financial Report
Less than NTD 1,000,000	SKY SU	SKY SU
NTD 1,000,000 (Inclusive) – NTD 2,000,000 (Exclusive)	LIN, KUNG-YI, HSU, SHU-YIN, CHOU, CHENG-ZAN	LIN, KUNG-YI, HSU, SHU-YIN, CHOU, CHENG-ZAN
NTD 2,000,000 (Inclusive) – NTD 3,500,000 (Exclusive)	LO, HAI-CHA, CHANG, HSIN-LING, HSU, CHI-NING	LO, HAI-CHA, CHANG, HSIN-LING, HSU, CHI-NING
NTD 3,500,000 (Inclusive) – NTD 5,000,000 (Exclusive)		
NTD 5,000,000 (Inclusive) – NTD 10,000,000 (Exclusive)		
NTD 10,000,000 (Inclusive) – NTD 15,000,000 (Exclusive)	LI, YI-PING, LUO, SHI-HAO	LI, YI-PING, LUO, SHI-HAO
NTD 15,000,000 (Inclusive) – NTD 30,000,000 (Exclusive)		
NTD 30,000,000 (Inclusive) – NTD 50,000,000 (Exclusive)	LO, SEN CHOU	LO, SEN CHOU
NTD 50,000,000 (Inclusive) – NTD 100,000,000 (Exclusive)		
More than NTD 100,000,000		
Total	Total of 10 people	Total of 10 people

(IV) Names of managers assigned with employee remuneration and distribution:

December 31, 2023; Unit: NTD Thousands; %

<table>
<tr><th></th><th>Position</th><th>Name</th><th>Amount in Shares</th><th>Amount in Cash</th><th>Total</th><th>Total Remuneration to the Net Profit After Tax Ratio (%)</th></tr>
<tr><td rowspan="12">Manager</td><td>Chairman and President</td><td>LO, SEN CHOU</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td><td rowspan="12">0</td></tr>
<tr><td>Deputy General Manager</td><td>SU, JIE-BIN</td></tr>
<tr><td>Deputy General Manager</td><td>TONY LO</td></tr>
<tr><td>Deputy General Manager</td><td>LIN, GONG-YI</td></tr>
<tr><td>Chief Financial Officer</td><td>LEE, YI-PIN</td></tr>
<tr><td>Sr. Deputy General Manager</td><td>RO, SHIH-HAO</td></tr>
<tr><td>Deputy General Manager</td><td>KAREN CHANG</td></tr>
<tr><td>Deputy General Manager</td><td>JIMMY HSU</td></tr>
<tr><td>Deputy General Manager</td><td>HSU, SU-YIN</td></tr>
<tr><td>Chief Technology Officer</td><td>CHOU, CHENG-ZAN</td></tr>
<tr><td>Chief Accountant</td><td>KATHY HUANG</td></tr>
<tr><td>Deputy Audit Manager</td><td>SHEN, JIA-CHUAN</td></tr>
</table>

(V) Provide a comparative analysis of the total compensation paid by the company and all entities included in the consolidated financial statements to the company’s directors, supervisors, general manager, and deputy general managers over the past two years, as a proportion of the individual or separate financial report’s after-tax net profit. Additionally, explain the policies, standards, and composition of the compensation, the procedures for determining compensation, and the relationship between compensation, business performance, and future risks.

1. Analysis of the proportion of after-tax net profit used for compensation paid to the company’s directors, supervisors, general manager, and deputy general managers over the past two years

Unit: %

Item / Position	2022 Total Remunerations as a Percentage of Net Profit After Tax (%)		2023 Total Remunerations as a Percentage of Net Profit After Tax (%)	
	The Company	The Company	The Company	All Companies in the Financial Report
Director	-0.07%	-0.15%	-0.25%	-0.81%
Supervisors				
General Managers and Deputy General Managers	-5.6%	-5.66%	-6.03%	-4.01%

2. Policies, Standards, and Composition of Compensation, Procedures for Determining Compensation, and Its Relationship with Business Performance and Future Risks

The total amount of remunerations paid by the Company to the Directors, General Managers, and Deputy General Managers is mainly determined based on their degree of participation and value of contributions to the operations of the Company, and with reference to the industry standards at home and abroad.

The remunerations of the General Managers and Deputy General Managers of the Company include their salaries, bonuses, employee remunerations, employee stock warrants and new restricted employee shares. The salary standard is determined based on their positions in the Company, their responsibilities, and their contributions to the Company, and with reference to the standards in the same industry. The employee remuneration distribution standards are in compliance with the Articles of Association of the Company and the relevant resolution is passed by the Board of Directors and reported at the shareholders meeting.

IV. Corporate Governance Operations

(I) Practices of the Board of Directors

In 2023 (5 meetings) and 2024 (3 meetings) up to the date of this annual report's printing, the Board of Directors has held a total of 8 meetings (A). The attendance of the directors is as follows:

Position	Name	Attendance in Person (B)	Attendance by Proxy	Rate of Attendance in Person (%) (B/A)	Remarks
Chairman	LO, SEN CHOU	8	0	100.00 %	
Director	SHIH, CHEN-JUNG	7	1	87.50 %	
Director	RO, SHIH-HAO	6	0	75.00 %	
Director	YU, MING-TO	2	0	100.00 %	A director was relieved of duties on June 21, 2023, and attended two board meetings during their tenure in 2023
Director	CHEN, CHAU-CHEN	5	1	83.33%	A director was appointed on June 21, 2023, and has attended six board meetings to date
Director	TSAI, CHIH-CHUN	6	0	100.00 %	A director was appointed on June 21, 2023, and has attended six board meetings to date
Independent Director	CHEN, LAI-JUH	6	2	75.00 %	
Independent Director	STARK LIANG	6	0	100.00 %	A director was appointed on June 21, 2023, and has attended six board meetings to date
Independent Director	LIAO, CHUN-CHIEH	6	0	100.00 %	A director was appointed on June 21, 2023, and has attended six board meetings to date
Independent Director	TSENG, YU-I	5	1	83.33 %	A director was appointed on June 21, 2023, and has attended six board meetings to date
Independent Director	WENG, MING-JENG	2	0	100.00 %	An independent director was relieved of duties on June 21, 2023, and attended two board meetings during their tenure in 2023
Independent Director	HUANG, TA-LUN	2	0	100.00 %	An independent director was relieved of duties on June 21, 2023, and attended two board meetings during their tenure in 2023

Other Matters to be Recorded:

I. If any of the following situations occur during the operation of the Board of Directors, the date of the board meeting, session number, content of the proposal, opinions of all independent directors, and the company's response to the independent directors' opinions should be stated:
   (I) Matters listed in Article 14-3 of the Securities and Exchange Act
   (II) Any other resolution of the Board meeting to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement

Board of Directors	Contents of the Proposals and Subsequent Handling	Matters listed in Securities and Exchange Act 14-3	Independent directors hold objections or reservations

7th Term 20th Meeting 03/29/2023	1. 2022 Business Report and Financial Statements of the Company.	V	No such situation.
	2. Proposal for the Company's 2022 earnings appropriation.	V	No such situation.
	3. The Company's 2023 appointment of CPAs and evaluation of their independence and suitability.	V	No such situation.
	4. Issuance of the Company's 2022 Assessment of the Effectiveness of the Internal Control System and Declaration of Internal Control System."	V	No such situation.
	5. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
7th Term 21st Meeting 05/10/2023	1. The Company's 2023 Q1 consolidated financial statements.	V	No such situation.
	2. Proposal on the 2022 first private placement of common shares pricing and issuance related matters.	V	No such situation.
	3. Discontinued execution of the number of shares remaining in the private placement of common shares approved by the Company's 2022 general shareholders' meeting.	V	No such situation.
	4. The Company proposed to issue common shares by private placement for cash capital injection.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 8th term 2nd Meeting 08/09/2023	1. 2023 second quarter consolidated financial statements of the Company.	V	No such situation.
	2. Liquidation of the subsidiary Luxsentek Microelectronics Corp.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 8th term 3rd Meeting 11/08/2023	1. The Company's 2023 third quarter consolidated financial statements.	V	No such situation.
	2. The Company's 2024 audit plan.	V	No such situation.
	3. Amendment to the company's "Procedures and Guidelines for Ethical Business Operations."	V	No such situation.
	4. Amendment to the company's "Regulations Governing Financial and Business Operations among Affiliated Enterprises."	V	No such situation.
	5. Appointment of the Company's internal audit officer.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 8th term 4th Meeting 01/15/2024	1. The Company intends to conduct share swap in consideration of cash and issuance of new shares to acquire all the issued shares of InPsytech Co.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 8th term 5th Meeting 03/12/2024	1. The Company's 2023 business report and financial statements.	V	No such situation.
	2. Proposal for the Company's 2023 deficit appropriation.	V	No such situation.

	3. The Company proposed to issue common shares by private placement for cash capital injection.	V	No such situation.
	4. The Company's 2024 change of appointment of CPAs and evaluation of their independence and suitability.	V	No such situation.
	5. Review of the effectiveness of the Company's internal control system in 2023 and the proposal for the "Declaration of Internal Control System."	V	No such situation.
	6. Discussion about loaning of funds by the Company to MEMS Drive Inc.	V	No such situation.
	7. Discussion about accounts receivable of SCT Holdings Ltd.	V	No such situation.
	8. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		
The 8th term 6th Meeting 03/29/2024	1. The company plans to issue new shares through a capital increase as the consideration for acquiring shares of Curious Holding Co., Ltd., in a share exchange cooperation project.	V	No such situation.
	2. Approved the issuance of new shares for capital increase.	V	No such situation.
	Opinions of the independent directors: Nil.		
	The Company's handling of the opinions of the independent directors: Nil.		
	Outcome of the Resolutions: All directors in attendance passed the resolutions.		

II. The implementation of directors recusing themselves from conflict of interest proposals should be described, including the director's name, the content of the proposal, the reasons for recusal due to conflicting interests, and the participation in the voting process:

Board of Directors Appointment	Cause(s)	Name of Director	Reason(s) for Recusal	Result of Voting
7th Term 20th Meeting 03/29/2023	Allocation of year-end bonus and performance bonus to managers of the Company in 2022.	LO, SEN CHOU; YU, MING-TO; RO, SHIH-HAO	LO, SEN CHOU; YU, MING-TO, and RO, SHIH-HAO are the recipients of this proposal.	Directors LO, SEN CHOU, YU, MING-TO, and RO, SHIH-HAO, recused themselves on this proposal. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors in attendance by the Chairman.
The 8th term 5th Meeting 03/12/2024	The company's performance bonus distribution plan for 2023.	RO, SHIH-HAO	Director RO, SHIH-HAO is the beneficiary of this case	Director RO, SHIH-HAO of our company is a beneficiary of this case and has a conflict of interest. He excused himself from the room and abstained from voting. After consultation by the chairman with all attending directors, the case was unanimously approved as per the agenda.

	Discussion about accounts receivable of SCT Holdings Ltd.	TSENG, YU-I	Director TSENG, YU-I is a shareholder of SCT	The company's management team explained the plan to convert SCT's uncollected accounts receivable into participation in SCT's Series B financing. Our company's Director TSENG, YU-I, being a shareholder of SCT and having a conflict of interest in this case, recused himself from voting. The case was reviewed and approved by the Audit Committee and was unanimously passed after consultation by the chairman with all attending directors.

III. The company should disclose information about the evaluation cycle, period, scope, methods, and contents of the board of directors' self-assessment (or peer evaluation) as detailed in the table below:

IV. Goals for enhancing board functions in the current and recent years (such as establishing an Audit Committee, and improving information transparency) and evaluation of implementation:

(I) Goals for Enhancing Board Functions

1. The company has established the "Board Meeting Rules" as per the "Public Company Board of Directors Meeting Procedures," approved by the board of directors, and operates according to these rules.
2. The company has established independent directors, an Audit Committee, and a Compensation Committee to strengthen the governance functions of the board.
3. The company regularly arranges professional development courses for directors to maintain their core values, professional advantages, and capabilities.

(II) Evaluation of Implementation

1. The company established the Compensation Committee and the Audit Committee on June 12, 2014, and October 17, 2014, respectively, to assist the board in fulfilling its duties.
2. After board meetings, our company promptly posts significant resolutions on the Market Observation Post System to protect shareholder rights. A designated person is responsible for the collection and disclosure of company information, and a spokesperson system has been established to ensure timely and appropriate disclosure of significant information, providing shareholders and stakeholders with access to relevant financial and business information about the company.

Evaluation of Implementation by the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Carry out once a year	From January 1 to December 31, 2023	Entire Board of Directors	Self-appraisal by Board of Directors	1. Comply with relevant laws and regulations. 2. Participation in the operation of the company.
Carry out once a year	From January 1 to December 31, 2023	Individual director members	Self-appraisal by directors	1. Alignment of the Company's goals and missions. 2. Awareness of director responsibilities. 3. Level of involvement in company operations. 4. Management of internal relationships and communication. 5. Directors' expertise and continuous education. 6. Internal control.
Carry out once a year	From January 1 to December 31, 2023	All functional committees	Self-appraisal by directors	1. Level of involvement in company operations. 2. Awareness of the duties of the functional committee. 3. Improve the quality of decision-making by functional committees. 4. Composition and election of functional committee members. 5. Internal control.

(II) Practices of the Audit Committee

For the years 2023 (4 times) and 2024 (4 times) up to the date of printing of the annual report, the Audit Committee convened a total of 8 times (A), with the attendance of independent directors as follows:

Position	Name	Attendance in Person(B)	Attendance by Proxy	Rate of Attendance in Person(%) (B/A)	Remarks
Independent Director (Chairman)	LIAO, CHUN-CHIEH	6	0	100.00 %	Served as an independent director since June 21, 2023, to the present Six Audit Committee meetings were held
Independent Director	STARK LIANG	6	0	100.00 %	Same as above
Independent Director	TSENG, YU-I	5	1	83.33 %	Same as above
Independent Director	CHEN, LAI-JUH	6	2	75.00 %	
Independent Director	WENG, MING-JENG	2	0	100.00 %	Dismissed as independent director on June 21, 2023, during which two Audit Committee meetings were convened in 2023
Independent Director	HUANG, TA-LUN	2	0	100.00 %	Same as above

Other Matters to be Recorded:

I. Matters listed under Article 14-5 of the Securities and Exchange Act, as well as other resolutions not approved by the Audit Committee but agreed upon by more than two-thirds of all directors, should include the following details: the date and session number of the Audit Committee meeting, the content of the proposals, any opposing opinions, reserved opinions, or major suggestions from the independent directors, the results of the Audit Committee's resolutions, and the company's response to the Audit Committee's opinions.

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

(II) Apart from the aforementioned matters, other resolutions not approved by the Audit Committee but agreed upon by more than two-thirds of all directors include

Board of Directors	Contents of the Proposals and Subsequent Handling	Matters listed in Securities and Exchange Act 14-5	Resolutions passed by two-thirds or more of all directors but not approved by the Audit Committee
7th Term 20th Meeting 03/29/2023	1. 2022 Business Report and Financial Statements of the Company.	V	No such situation.
	2. Proposal for the Company's 2022 earnings appropriation.	V	No such situation.
	3. The Company's 2023 appointment of CPAs and evaluation of their independence and suitability.	V	No such situation.
	4. Issuance of the Company's 2022 Assessment of the Effectiveness of the Internal Control System and Declaration of Internal Control System."	V	No such situation.

		5. Amendment to some clauses in “Operating Procedures for Acquisition or Disposal of Assets” of the Company.	V	No such situation.
		Resolutions of the Audit Committee (03/29/2023): All members of the Audit Committee approved the resolutions.		
		The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
	7th Term 21st Meeting 05/10/2023	1. The Company’s 2023 Q1 consolidated financial statements.	V	No such situation.
		2. Proposal on the 2022 first private placement of common shares pricing and issuance related matters.	V	No such situation.
		3. Discontinued execution of the number of shares remaining in the private placement of common shares approved by the Company’s 2022 general shareholders’ meeting.	V	No such situation.
		4. The Company proposed to issue common shares by private placement for cash capital injection.	V	No such situation.
		Audit Committee resolution result (May 10, 2023): All members of the Audit Committee agreed and approved.		
		The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
	The 8th term 2nd Time 08/09/2013	1. 2023 second quarter consolidated financial statements of the Company.	V	No such situation.
		2. Liquidation of the subsidiary Luxsentek Microelectronics Corp.	V	No such situation.
		Audit Committee resolution result (August 9, 2023): All members of the Audit Committee agreed and approved.		
		The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
	The 8th term 3rd Meeting 11/08/2023	1. The Company’s 2023 third quarter consolidated financial statements.	V	No such situation.
		2. The Company’s 2024 audit plan.	V	No such situation.
		3. Amendment to the company’s “Procedures and Guidelines for Ethical Business Operations.”	V	No such situation.
		4. Amendment to the company’s “Regulations Governing Financial and Business Operations among Affiliated Enterprises.”	V	No such situation.
		5. Appointment of the Company’s internal audit officer.	V	No such situation.
		Audit Committee resolution result (November 8, 2023): All members of the Audit Committee agreed and approved.		
		The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
	The 8th term 4th Meeting 01/15/2024	1. The Company intends to conduct share swap in consideration of cash and issuance of new shares to acquire all the issued shares of InPsytech Co.	V	No such situation.
		Audit Committee resolution result (January 15, 2024): All members of the Audit Committee agreed and approved.		
		The Company’s handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
	The 8th term	1. The Company’s 2023 business report and financial statements.	V	No such situation.

	5th Meeting 03/12/2024	2. Proposal for the Company's 2023 deficit appropriation.	V	No such situation.
		3. The Company proposed to issue common shares by private placement for cash capital injection.	V	No such situation.
		4. The Company's 2024 change of appointment of CPAs and evaluation of their independence and suitability.	V	No such situation.
		5. Review of the effectiveness of the Company's internal control system in 2023 and the proposal for the "Declaration of Internal Control System."	V	No such situation.
		6. Discussion about loaning of funds by the Company to MEMS Drive Inc.	V	No such situation.
		7. Discussion about accounts receivable of SCT Holdings Ltd.	V	No such situation.
		8. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	V	No such situation.
		Audit Committee resolution result (March 12, 2024): All members of the Audit Committee agreed and approved.		
		The Company's handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		
	The 8th term 6th Meeting 03/29/2024	1. The company plans to issue new shares through a capital increase as the consideration for acquiring shares of Curious Holding Co., Ltd., in a share exchange cooperation project.	V	No such situation.
		2. Approved the issuance of new shares for capital increase.	V	No such situation.
		Audit Committee resolution result (March 29, 2024): All members of the Audit Committee agreed and approved.		
		The Company's handling of the opinions of the Audit Committee: All directors in attendance passed the resolutions.		

II. In the event that any independent director has to abstain from voting on any proposal due to a conflict of interest, the name of the independent director, the content of the proposal, reason(s) for recusal, and the result of the voting should be specified: No such situation.

III. Communications between the independent directors and internal audit supervisors, as well as accountants (such as matters related to the financial or business situation of the Company that were communicated, the mode and outcome of such communications, etc.)

Explanation:

(1) After the audit report and follow-up report are submitted, the audit director shall deliver the audit report and follow-up report to each independent director, and timely respond to matters raised by the independent directors.

(2) The audit director and accountant shall communicate with the independent directors on financial and business conditions during the quarterly Board of Directors meeting.

(3) The audit director shall attend the audit committee meetings in a non-voting capacity and prepare the audit report. The independent directors of the Company shall communicate with the internal audit director.

(4) The accountant conducts meetings with the independent directors on the Company's financial and business conditions, or the independent director communicates by telephone or email with the Deputy General Manager of the Finance Department at any time.

(III) The Company's Corporate Governance Practices, and Discrepancies with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, as well as Reasons for the Discrepancies

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
I. Has the company established and disclosed corporate governance practices in accordance with the "Corporate Governance Best-Practice Principles for Listed and OTC Companies"?	✓		The Company has formulated "Code of Corporate Governance Practices of Egis Technology Inc." which is available on the Company's website for stakeholders to download.	No major discrepancy
II. Company's ownership structure and shareholder rights				
(I) Has the company established internal procedures to handle shareholder suggestions, doubts, disputes, and litigation, and implemented them according to procedure?	✓		(I) The Company has a spokesperson. The spokesperson, acting spokesperson, shareholder services unit, investor relations unit, as well as the relevant departments of the legal unit serve as channels for proposals and communication with shareholders to ensure that these matters can be properly handled.	No major discrepancy
(II) Does the company have a list of the major shareholders who actually control the company and the ultimate controllers of these major shareholders?	✓		(II) The shareholder services unit is responsible for controlling information related to the Company and maintaining close contact with the principal shareholders.	No major discrepancy
(III) Has the company established and implemented risk management and firewall mechanisms between related enterprises?	✓		(III) The Company has established relevant controls in the Company's internal control system and "Regulations for Financial- and Business-Related Operations with Related Enterprises" according to the law.	No major discrepancy
(IV) Has the company established internal regulations prohibiting insiders from trading securities based on non-public market information?	✓		(IV) The company has established the "Internal Significant Information Handling Procedures," Article 6, which specifies that directors, supervisors, managers, and employees who are aware of internal significant information shall not disclose such information to others. In addition, the "Management Procedures for the Prevention of Insider Trading" prohibit the disclosure of any information to the public or the adoption of any prohibited actions before the release of significant information as to ensure the correctness and popularity of the information.	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
III. Composition and Responsibilities of the Board of Directors (I) Did the Board of Directors formulate a diversity policy, specific management objectives and implement them with regard to its membership composition? (II) Apart from establishing the Remuneration Committee and Audit Committee in accordance with the law, did the Company establish other functional committees at its own will?	✓ ✓		(I) The company has defined a diversity policy for board members in the "Corporate Governance Best Practices," and details about the specific management objectives and implementation can be found in the section on "Board Diversity and Independence." (II) Currently, aside from the Compensation Committee and the Audit Committee, the company has not established any other functional committees.	No major discrepancy No major discrepancy
(III) Has the company established a method for evaluating board performance and its assessment methods, conducting performance evaluations annually and regularly, reporting the results to the board, and using them for individual director compensation and nomination for reappointment? (IV) Does the company regularly assess the independence of its certifying accountants?	✓ ✓		(III) The company has established the "Board Performance Evaluation Procedure," which mandates at least an annual performance evaluation of the board, individual directors, and functional committees. The secretariat conducts self-evaluations for directors according to the procedure, and at the beginning of each year, the board records and evaluates the previous year's performance indicators. The results are reported to the board and used as references for individual director compensation and nominations for reappointment. (IV) The Finance Department of the company independently assesses the independence of the certifying accountants annually and reports the results to the Audit Committee and the Board for review and approval. Upon approval, if all are in line with the Company's independence standards, then they are able to serve as the Company's certified public accountants. The evaluation criteria for certified public accountant's independence are detailed in Note1. Annual appraisal of the certified public accountants and assessment of their independence and eligibility by the Audit	No major discrepancy No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
			Committee of the Company. In addition to requiring certified public accountants to provide the “Detached Declaration of Independence” and “Audit Quality Indicators (AQIs)”, assessment is performed according to the standards in Note 1 and the 13 AQIs. Certified public accountants are confirmed to not have other financial interests and business relations with the Company other than for fees for certification, financial and tax cases, their family members are confirmed to not violate the independence requirements, and the certified public accountants and firms are confirmed to have higher than industry average standard in terms of audit experience and training hours with reference to AQI information. Digital audit tools will also continue to be introduced in the next 3 years to improve audit quality. The results of the most recent annual evaluation were discussed and approved by the Audit Committee on March 12, 2024, and subsequently approved by the Board on March 12, 2024, in their assessment of the accountant’s independence and suitability.	
IV. Do listed companies employ an appropriate number and qualification of corporate governance personnel, and do they appoint a director of corporate governance responsible for related tasks (including but not limited to providing directors and supervisors with necessary data for their duties, assisting directors and supervisors in complying with laws, organizing board and shareholder meetings in accordance with the law, and preparing minutes of board and shareholder meetings)?	✓		The Company’s Corporate Governance Unit is the Finance Department responsible for corporate governance related matters and Chief Accountant KATHY HUANG was appointed as the Corporate Governance Director by the Board of Directors on August 10, 2022. The foregoing corporate governance related matters shall at least include the following: (I) Organize board and shareholder meetings in accordance with the law. (II) Prepare minutes for board and shareholder meetings. (III) Assist directors with induction and continuous education (IV) Provide the information required by the directors to carry out their duties. (V) Assist directors in complying with laws and regulations.	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
			(VI) Other matters stipulated in the Company's Articles of Incorporation or contracts. The status of operations performed by the corporate governance unit of the Company in 2023 is as follows: 1. Draft agendas for the Board of Directors, Audit Committee, and Compensation Committee meetings, and prepare the related materials for discussion. If agenda items are related to stakeholders, provide reminders for conflict of interest recusal in advance. In 2023, five Board of Directors meetings, four Audit Committee meetings, and three Compensation Committee meetings were held. 2. Register the date of the shareholders' meeting within the legal deadline and assist with the convening of the shareholders' meeting. 3. Responsible for announcing significant information regarding important resolutions of the Board and shareholders' meetings, and for legally publishing significant news. 4. Arrange a six-hour course for all directors, the general manager, chief financial officer, and corporate governance director, covering topics such as "Valuation Overview and Related Issues" and "Strategies and Legal Compliance for Non-consensual Mergers and Acquisitions." 5. Arrange for independent directors to communicate with the internal audit supervisor and the certifying accountant during the Audit Committee meetings, with a summary of the communication available on the company's website. 6. Conduct the Board of Directors performance evaluation for year 2023, and report the results at the Board meeting on March 12, 2024. 7. In 2023, the company's Director of Corporate Governance participated in further education as noted in note 3.	

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a dedicated stakeholder section on the company website, and appropriately responded to stakeholders' concerns about important corporate social responsibility issues?	✓		To maintain clear communication channels with stakeholders, the company has established a dedicated stakeholder section on its website (http://www.egistec.com). Stakeholders who feel that their rights have been infringed upon, discover any illegal or governance-violating behavior by company employees, or have any questions or suggestions about the company can use this channel to contact the company. The company has dedicated personnel to respond and handle these issues.	No major discrepancy
VI. Has the company appointed a professional shareholder services agency to handle shareholders' meeting affairs?	✓		The Company has appointed the Stock Service Department of Yuanta Securities Co., Ltd. as the shareholder services agency of the Company and it shall handle affairs related to the Board of Shareholders.	No major discrepancy
VII. Information Disclosure				
(I) Has the company established a website to disclose financial business and corporate governance information?	✓		(I) The company has disclosed related business, financial, and corporate governance information on its website. (http://www.egistec.com)	No major discrepancy
(II) Does the company adopt other methods of information disclosure (such as setting up an English website, designating a person responsible for the collection and disclosure of company information, implementing a spokesperson system, and posting corporate briefings on the company website)?	✓		(II) The company has appointed a spokesperson and a deputy spokesperson, and has designated a person responsible for the public disclosure of information (including the English website and corporate briefings) to provide the spokesperson, deputy spokesperson, and relevant business departments with the ability to answer inquiries from stakeholders and regulatory authorities.	No major discrepancy
(III) Does the company announce and file the annual financial report within two months after the end of the fiscal year and announce and file the first, second, and third quarterly financial reports and monthly operating results ahead of schedule within the prescribed deadline?		✓	(III) The company announced and filed the financial report for the year 112 in March 113, as well as the financial reports for the first, second, and third quarters of 112 and the monthly operating results, all of which were announced and filed ahead of the prescribed deadline.	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
VIII. Does the company have any other important information that would be helpful in understanding the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, ongoing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the purchase of liability insurance for directors and supervisors)?	✓		(I) Employee Rights and Care Execution: The company maintains open communication channels, ensuring that employees' expectations, suggestions, doubts, and grievances are reasonably and appropriately addressed, reflecting the company's commitment to employee rights and care. It has established sexual harassment prevention policies and created a gender-equal work environment. The Employee Welfare Committee organizes various employee travel activities annually, and the company recognizes outstanding employees at the end of each year. (II) Investor Relations: The company adheres to principles of fairness and transparency in treating all shareholders, convenes shareholder meetings annually as per the Company Law and relevant regulations, notifies all shareholders to attend, encourages active participation in shareholder meetings such as board and supervisor elections or amendments to the corporate charter, and reports significant financial business actions such as asset disposals and endorsements to the shareholder meetings. The company also provides shareholders ample opportunities to ask questions or propose items, ensuring checks and balances and setting shareholders' meeting rules according to law, properly preserving meeting minutes and fully disclosing related information on the Market Observation Post System. In addition, in order to ensure that the shareholders are fully aware of the major issues of the Company, enjoy full participation and decision-making rights, the Company has established the positions of spokesperson and acting spokesperson, as well as designated personnel to handle the suggestions, doubts and disputes of shareholders. Since the Company's public offering, it has designated personnel to be responsible for the collection and disclosure of information related to the Company, handling	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
			of the announcements and declarations of the relevant information, as well as timely provision of information that may affect the decision-making of investors according to the principles of information disclosure. (III) Supplier Relations: Based on integrity, the company audits and manages suppliers, ensuring they meet environmental and social responsibility standards and continue to provide products that meet the company's standards and are competitively priced. The company maintains a spirit of mutual trust and benefit with suppliers, aiming for mutual growth and a win-win situation. (IV) Rights of stakeholders: Depending on the circumstances, the Company may instruct the investor relations, shareholder services, and legal affairs departments, etc. to communicate with stakeholders, and it has listed the contact information of the spokesperson as well as the various relevant business departments on the Company's website. The company has established a dedicated stakeholder section on its website (http://www.egistec.com), where stakeholders can communicate with the company and make suggestions at any time to protect their rightful interests. (V) Implementation of Risk Management Policy and Risk Measurement Standards: The company's risk management and measurement standards are collectively managed by the General Manager's Office, Business Department, Finance Department, and other units responsible for risk management policies and implementation. Please refer to Section VII, (6) Explanation on Risk Management Assessment of the current year's annual report for details. (VI) Implementation of Customer Policy: The company strictly maintains customer confidentiality. For customers who are in competitive relationships, separate teams are established	

Assessment Item	Implementation Status			Discrepancy with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
			internally to serve them, and customer information is protected with firewalls. To protect its customers, discussions on the secrets of customers are generally prohibited in the Company as well as in public places. At the same time, a customer complaint handling mechanism has been established for the appropriate identification of problems in customer complaints and for the attribution of responsibility to protect the rights and interests of customers. In addition, customer satisfaction surveys are carried out to ensure that customers are most satisfied with the services provided. (VII) Purchase of Liability Insurance for Directors and Supervisors: The company has purchased directors' and officers' liability insurance from Fubon Property Insurance, as noted in note 2. (VIII) Ongoing Education for Directors and Managers in 2023 as noted in note 3.	

IX. Please describe the improvements based on the corporate governance evaluation results published by the Taiwan Stock Exchange Corporation's Corporate Governance Center for the most recent year, and propose priority enhancement items and measures for aspects that have not yet improved.

1. The company discloses its policy on board member diversity and details the specific management objectives and implementation of the diversity policy on its website and in the annual report (Indicator 2.2).
2. In 2023, the Annual General Meeting of Shareholders comprehensively re-elected directors and added independent director positions (Indicator 2.7).
3. Workplace diversity or gender equality policies are disclosed on the company's website (Indicator 4.20).
4. Future Priority Enhancement Items: Increase the number of female directors (Indicator 2.6).

Note 1: Assessment Criteria for Independence of Accountant

Assessment Item	Assessment Results	Independent or Not
1. The accountant is employed by the company for regular work, receives a fixed salary, or serves as a director or supervisor	No	Yes
2. The accountant has served as a director, supervisor, manager of the company, or has had a significant influence on the certifying case and was dismissed less than two years ago	No	Yes
3. The accounting firm and the company are related parties	No	Yes
4. The accountant has a spouse or a relative within the second degree of kinship who is a responsible person or manager of the company	No	Yes
5. The accountant or their spouse or minor children have investment or shared interest relationships with the company	No	Yes
6. The accountant or their spouse or minor children have financial lending relationships with the company	No	Yes
7. The accounting firm has been continuously appointed for certification services for seven years	No	Yes
8. The company has not obtained an independent statement issued by the accountant annually	No	Yes
9. In the evaluated year, the company faced litigation or was corrected by regulatory authorities due to its financial reports	No	Yes
10. The quality and timeliness of audit and tax services did not meet the needs	No	Yes
11. In the evaluated year, the scale and reputation of the accounting firm suffered significant damage	No	Yes
12. The interaction between the accountant and the company’s management and internal audit supervisor was poor	No	Yes

Note 2: Purchase of Liability Insurance for Directors and Managers

Insured	Insurer	Insurance Premiums (USD)	Duration of Insurance
Directors and managers	Fubon Insurance Co., Ltd.	NTD 20,500	From October 1, 2023, to October 1, 2024
	Cathay Century Insurance Co., Ltd.	NTD 8,450	
	Hotai Insurance Co., Ltd.	NTD 3,250	
	Chung Kuo Insurance Co., Ltd.	NTD 1,300	
Total		NTD 33,500	

Note 3: Ongoing Education for Directors and Managers in 2023

Position	Name	Training Date	Topics	Unit	Number of Training Hours	Continuing education hours in 2023
Chairman	LO, SEN CHOU	1120809	Evaluation Introduction and Related Evaluation Issues	Taiwan Corporate Governance Association	3	9
		1121016	Corporate Governance and Securities Regulations – Understanding of regulatory supervision by executives of listed companies	Corporate Operating and Sustainable Development Association	3	
		1121108	Strategies and legal compliance for non-consensual mergers and acquisitions	Taiwan Corporate Governance Association	3	
Director	SHIH, CHEN-JUNG	1120216	Introduction to TCFD and analysis of benchmark cases	Taiwan Corporate Governance Association	1	10
		1120316	Global economic outlook for 2023	Taiwan Corporate Governance Association	1.5	
		1120330	Climate governance and strategy practices and carbon reduction trends in the financial industry	Taiwan Corporate Governance Association	1	
		1120427	Climate scenario analysis and stress testing	Taiwan Corporate Governance Association	1	
		1120504	Global future risks and opportunities for sustainable transformation	Taiwan Corporate Governance Association	1.5	
		1120810	How to enhance communication with external stakeholders in response to the challenges of IFRS 17	Taiwan Corporate Governance Association	1.5	
		1120928	How to enhance communication with external stakeholders in response to the challenges of IFRS 17	Taiwan Corporate Governance Association	1.5	
		1121109	The role of life insurance in anti-money laundering, combating terrorism financing, and preventing the proliferation of weapons and the commitment to integrity management	Taiwan Insurance Institute	1	
Director	RO, SHIH-HAO	1120809	Evaluation Introduction and Related Evaluation Issues	Taiwan Corporate Governance Association	3	6

		1121108	Strategies and legal compliance for non-consensual mergers and acquisitions	Taiwan Corporate Governance Association	3	
Director	CHEN, CHAU CHEN	1120809	Evaluation Introduction and Related Evaluation Issues	Taiwan Corporate Governance Association	3	6
		1121108	Strategies and legal compliance for non-consensual mergers and acquisitions	Taiwan Corporate Governance Association	3	
Director	TSAI, CHIH-CHUN	1120809	Evaluation Introduction and Related Evaluation Issues	Taiwan Corporate Governance Association	3	6
		1121108	Strategies and legal compliance for non-consensual mergers and acquisitions	Taiwan Corporate Governance Association	3	
Independent Director	CHEN, LAI-JUH	1120413	KPMG Forum – Opportunities and Challenges under the Net Zero Trend	Taiwan Director's Institute	3	9
		1120427	Practical Mergers and Acquisitions and Case Analysis	Taiwan Corporate Governance Association	3	
		1121026	How Companies Can Strengthen Strategic Implementation	Taiwan Corporate Governance Association	3	
Independent Director	STARK LIANG	1120809	Evaluation Introduction and Related Evaluation Issues	Taiwan Corporate Governance Association	3	6
		1121108	Strategies and legal compliance for non-consensual mergers and acquisitions	Taiwan Corporate Governance Association	3	
Independent Director	LIAO, CHUN-CHIEH	1120310	Shareholder Meetings, Management Rights, and Equity Strategies	Taiwan Corporate Governance Association	3	6
		1120530	Emerging Corporate Risks: Climate Change	Taiwan Corporate Governance Association	3	
Independent Director	TSENG, YU-I	1120811	Best Tools for Remote Auditing in the Post-Pandemic Era – Big Data Audit and Risk Intelligence Dashboard	Taiwan Corporate Governance Association	3	6
		1121113	TCFD & SBTi Development Trends and Directors' Responsibilities	Taiwan Corporate Governance Association	3	

2023 Managerial Training:

Position	Name	Training Date	Name of Course	Organizing Unit	Number of Training Hours	Continuing education hours in 2023
Chief Financial Officer	LEE, YI-PIN	1120809	Evaluation Introduction and Related Evaluation Issues	Taiwan Corporate Governance Association	3	6
		1121108	Strategies and legal compliance for non-consensual mergers and acquisitions	Taiwan Corporate Governance Association	3	
Accountant officer	KATHY HUAN G	1121016 – 1121017	Continuing Education Course for Issuer Securities Dealer Accounting Supervisor	Accounting Research and Development Foundation	12	12
Corporate Governance Director	KATHY HUAN G	1120427	Taipei Exchange	Promotional Meeting for Listed Companies' Sustainable Development Action Plan	3	9
		1120809	Taiwan Corporate Governance Association	Evaluation Introduction and Related Evaluation Issues	3	
		1121108	Taiwan Corporate Governance Association	Strategies and legal compliance for non-consensual mergers and acquisitions	3	
Audit supervisor	SHEN, JIA-CHUA N	1121220	The Latest Regulations and Audit Practices on Information and Cybersecurity	Securities and Futures Institute	6	12
		1121222	Compliance Auditing for Significant Financial Business Activities	Securities and Futures Institute	6	

(IV) If the Company has set up a Remuneration Committee, the composition and duties, as well as the operational situation of the committee should be disclosed

1. Particulars of the Members of the Remuneration Committee

March 31, 2024

Title \ Criteria \ Name		Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which He/She Is Concurrently a Member of the Remuneration Committee
Independent Director (Chairman)	TSENG, YU-I	See Pages 14 and 15 for information about the directors.	See Pages 14 and 15 for information about the directors.	2
Independent Director	STARK LIANG			1
Independent Director	LIAO, CHUN-CHIEH			1

2. Responsibilities of the Compensation Committee

The Remuneration Committee shall exercise the due care of a good administrator in faithfully performing the official duties and powers listed below and shall submit its recommendations for deliberation by the Board of Directors:

(1) Regularly review and suggest amendments to these procedures.

(2) Establish and regularly review the company's annual and long-term performance targets and policies, systems, standards, and structures for the compensation of directors and managers.

(3) Regularly assess the achievement of performance targets by the company's directors and managers and establish the content and amounts of their individual compensation.

3. Operation of the Compensation Committee

(1) The Compensation Committee of the company comprises three members.

(2) In 2023 (3 times) and 2024 (1 time), the Compensation Committee met a total of 4 times (A), with member attendance as follows:

Position	Name	Attendance in Person(B)	Attendance by Proxy	Rate of Attendance in Person (%) (B/A)	Remarks
Independent Director (Chairman)	TSENG, YU-I	2	0	100.00%	Served as an independent director since June 21, 2023, to date, and convened two Compensation Committee meetings during this period
Independent	LIAO,	2	0	100.00%	Same as above

Director	CHUN-CHIEH				
Independent Director	STARK LIANG	2	0	100.00%	Same as above
Independent Director	WENG, MING-JENG	2	0	100.00 %	Dismissed as independent director on June 21, 2023, during which two Audit Committee meetings were convened in 2023
Independent Director	HUANG, TA-LUN	2	0	100.00 %	Same as above

Other Matters to be Recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, the following details should be stated: the date of the Board meeting, session, content of the proposal, results of the Board's decision, and how the company handled the Compensation Committee's opinions (e.g. if the Board's approved compensation is superior to the recommendation of the Compensation Committee, the differences and reasons should be explained): There is no such situation.
2. Decisions of the Compensation Committee, if any member opposes or reserves an opinion with records or written statements, should detail the date of the Compensation Committee, session, content of the proposal, opinions of all members, and how their opinions were handled: There is no such situation.
3. Discussion subjects and decision outcomes of the Compensation Committee:

Date and Session Number	Content of Proposal	Outcome of the Resolution
The 9th meeting of the 4th Remuneration Committee on 03/29/2023	1. Allocation of year-end bonus and performance bonus to managers of the Company in 2022.	Remuneration Committee: Relevant proposals have been unanimously approved by members present and submitted to the Board of Directors of the Company for resolution. Board of Directors: Approved by all attending directors.
	2. Appointment of the Vice President of the Company.	
The 10th meeting of the 4th term 05/10/2023	1. Appointment of the General Manager of the company.	
	2. Appointment of the Chief Technology Officer of the company.	
The 1st meeting of the 5th term 11/08/2023	1. Appointment of the new audit supervisor.	
The 2nd meeting of the 5th term 05/12/2024	1. The company's annual year-end and performance bonus distribution plan for managers in 2023.	
	2. The company's performance bonus distribution plan for 2023.	
	3. The appointment and dismissal of the Chief Technology Officer of the company.	

(V) The Implementation Status of Promoting the Sustainable Development and Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancies

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (or ad-hoc) unit for the promotion of sustainable development that is managed by senior management as authorized by the Board of Directors and supervised by the Board of Directors?	✓		The Company has designated the General Manager's Office as the full-time sustainable development promotion unit. It is responsible for the proposal and implementation of relevant policies, systems, or management policies and plans, as well as the ethical management of the enterprise and the management of employee ethics, and reporting the operation and implementation results to the Board of Directors when necessary.	No major discrepancy
II. Does the Company conduct risk assessment on environmental, social, and corporate governance topics related to the Company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The Company formulated and implemented relevant risk management policies and regularly conducted risk assessment on topics related to the Company's operation.	No major discrepancy
III. Environmental Issues (I) Has the company established appropriate environmental management systems according to its industry characteristics?	✓		(I) Our company, being a software and hardware design company, does not have physical products that affect the environment. The Company is committed to improving efficiency in the utilization of each resource, to achieve energy conservation, waste reduction, and reduce impact on environment to safeguard earth's resources and protect environmental health.	No major discrepancy
(II) Is the company committed to improving the efficiency of various energy uses and employing renewable materials that have a lower environmental impact?	✓		(II) The company is committed to using all forms of energy effectively, executing waste sorting, recycling, and reduction activities, implementing recycled paper use, and improving the efficiency of resource utilization, fully implementing resource	No major discrepancy

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
			recycling and reuse.	
(III) Has the company assessed the potential risks and opportunities of climate change for the business now and in the future, and taken measures to address climate-related issues?	✓		(III) Our company's air conditioning has a scheduled shutdown setting, and simultaneously promotes energy-saving and carbon reduction concepts among all departments, advancing various energy-saving measures to achieve energy conservation and greenhouse gas reduction policies, minimizing environmental impact, and fulfilling the corporate responsibility for environmental protection.	No major discrepancy
(IV) Has the company tracked greenhouse gas emissions, water usage, and total waste weight over the past two years and developed policies for energy-saving, carbon reduction, reducing water use, or other waste management policies?	✓		(IV) Our company is a software and hardware design company and does not engage in manufacturing production; therefore, it does not have any special pollution sources. The Company aligns itself with and responds to the government's energy conservation measures and has prepared "energy conservation" measures. The Company implemented, on a long-term basis, energy conservation and carbon reduction measures related to the management of internal electricity, water, lighting equipment, resource recovery, etc.	No major discrepancy
IV. Social Topics (I) Has the company established management policies and procedures in accordance with relevant regulations and international human rights conventions?	✓		(I) The company complies with the Labor Standards Act, the Act of Gender Equality in Employment, and other relevant regulations, respects internationally recognized basic labor rights principles, and has established the "Personnel Rules and Work Management Regulations," which clearly defines employment and disciplinary policies to protect the lawful rights of employees.	No significant differences.
(II) Has the company established and implemented reasonable employee benefits measures (including	✓		(II) The Board has established a Compensation Committee responsible for setting compensation	No significant differences.

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
salary, leave, and other benefits), and appropriately reflected the operational performance or results in employee compensation?			policies, systems, standards, and structures, integrating company operational performance, annual net profit, and employee evaluations to issue various bonuses and regular salary adjustments for employees.	
(III) Does the company provide a safe and healthy work environment for its employees, and regularly conduct safety and health education for them?	✓		(III) The company has appointed personnel responsible for employee safety and health management and regularly participates in safety and health education training courses and checks fire safety equipment to provide a safe and healthy work environment for employees. There have been no occupational accidents or fires in 2023.	No significant differences.
(IV) Has the company established an effective career skill development training program for its employees?	✓		(IV) The company encourages employees from all departments to actively participate in external professional development courses relevant to their job functions to enhance their professional competencies.	No significant differences.
(V) Regarding customer health and safety, customer privacy, marketing, and labeling of products and services, does the company follow relevant regulations and international standards, and establish policies and complaint procedures to protect consumer or customer rights?	✓		(V) The company values customer feedback, with a dedicated unit handling customer service procedures to ensure the provision of optimal service effectiveness and protection of customer rights.	No significant differences.
(VI) Has the company established a supplier management policy that requires suppliers to comply with norms related to environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		(VI) The company regularly assesses suppliers and will include corporate social responsibility and relevant contract termination clauses when signing future contracts with suppliers.	No significant differences.
V. Does the company refer to internationally recognized reporting standards or guidelines to prepare sustainability reports or other reports disclosing non-financial information? Did the aforementioned reports obtain assurance or a guarantee opinion from a third-party verification unit?				

Assessment Item	Implementation Status			Discrepancy with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for the Discrepancy
	Yes	No	Summary Description	
The Company is committed to promoting sustainable development of the enterprise, and is planning to prepare corporate sustainability reports.				
VI. If the company has its own sustainability practices code based on the "Corporate Governance Best-Practice Principles for Listed and OTC Companies," please explain the differences between its operations and the established code: The Company has formulated the "Sustainable Development Best Practice Principles" and has actively implemented its obligations in the spirit of the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".				
VII. Other important information helpful in understanding the implementation of sustainable development: The Company is a software and hardware design company that does not have factory-manufactured products. In order to respond to environmental protection and energy conservation, employees are required to start from everyday life and the office environment. (I) The company manages employees according to the Labor Standards Act and other related regulations, with dedicated personnel handling various employee welfare matters to protect employee rights. (II) Given the nature of the company's industry, there are no significant environmental pollution issues. The company's offices are equipped with energy-saving devices, air conditioning with scheduled shutoffs, promotes electronic forms, business waste reduction, and recycling, and has planned a greenhouse gas inventory project to achieve environmental protection and energy and carbon reduction goals.				

Risk assessment of the Company's promotion of sustainable development:

Materiality Issue	Risk Assessment Item	Risk Management Policy and Measures
Environmental	Environmental protection Climate change	The Company is a software and hardware design company and is not engaged in production and manufacturing, and therefore does not generate manufacturing-related waste.
		The Company is committed to energy conservation and carbon reduction, and plans to conduct regular greenhouse gas inventories with the goal of reducing carbon dioxide emissions year on year.
Social	Workplace Safety Employee Recruitment and Training	The Company complies with laws and regulations related to safety and health, and regularly conducts safety and health education and "fire safety training" courses. Dedicated nursing room space, gender/disability-friendly toilets and annual employee health subsidies are set up.
		Increasing overall remuneration to attract, develop and retain talent.
		Encouraging employees to continue learning.
Corporate Governance	Socioeconomic and legal compliance	The Company ensures that all employees and operations comply with the relevant laws and regulations through the establishment of governance mechanisms and the implementation of internal control mechanisms.

Climate-related information for TWSE/TPEx-listed companies
Implementation of climate-related information

Item	Implementation Status
1. Describe the oversight and governance of climate-related risks and opportunities by The company's board of directors and management. 2. Describe how the identified climate risks and opportunities affect The company's business, strategy, and finance (short-term, medium-term, long-term). 3. Describe the financial impact of extreme climate events and transition actions. 4. Explain how the identification, assessment, and management processes of climate risks are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and main financial impacts used. 6. If there is a transformation plan for managing climate-related risks, explain the content of the plan and the indicators and objectives used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, explain the basis for price setting. 8. If climate-related targets are set, describe the activities covered, the scope of greenhouse gas emissions, the planning period, and information on annual progress; if carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the targets, explain the sources of the carbon reduction credits and the quantity or number of RECs. 9. Greenhouse gas inventory and verification status, reduction targets, strategies, and specific action plans.	The company has established a dedicated unit for promoting sustainable development under the office of the General Manager. The management department serves as the designated part-time unit for greenhouse gas inventory operations related to climate change and reports detailed timelines, comprehensive inventory procedures, and progress of plans including board oversight and control of phased goals to the board of directors each quarter. In response to the challenges brought by climate change, significant changes are inevitable in the industrial supply chains and market sales conditions. In the short term, The company will implement internal resource conservation and carbon emission reduction plans, and take multiple measures to address medium and long-term challenges. From a medium and long-term perspective, the market may gradually introduce carbon pricing and carbon tax mechanisms, which will increase the costs of research and development, production, and sales processes for The company's products. Therefore, in future financial planning, The company will incorporate climate change risks into its comprehensive risk management system, assess financial impacts, formulate financial strategies for climate risks, and regularly review and update financial planning to ensure financial stability in the face of climate change challenges. The company will closely monitor domestic and international carbon pricing and taxation policies to ensure compliance and timely adjust business strategies and operating models to meet the requirements of new policies and regulations. It is essential to fully consider and address the product and industry transformations or adjustments brought about by climate change. We will implement systematic management and risk assessments to effectively address these challenges and ensure the sustainable development and competitiveness of the enterprise. According to the "Roadmap for the Sustainable Development of

	TWSE/TPEX Listed Companies" issued by the Financial Supervisory Commission in March of 2022, companies with a paid-in capital of less than 5 billion NT dollars, like The company, should apply for greenhouse gas inventory and verification during the third phase (completing the inventory by year 2026 and verification by year 2028). Subsequently, the company will follow the relevant guidelines and regulations provided by the regulatory authorities to perform greenhouse gas inventory and verification operations.

(VI) Company's Implementation of Integrity Management and Adopted Measures

Status of ethical management and discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons for such discrepancy

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
I. Establishment of Integrity Management Policy and Plan				
(I) Has the company formulated an integrity management policy approved by the Board of Directors, and explicitly stated the policy and practices of integrity management in the regulations and external documents, as well as the commitment of the Board and senior management to actively implement the management policy?	✓		(I) The company has established the "Integrity Management Code," "Code of Ethical Conduct," "Integrity Management Operating Procedures and Guidelines," and "Corporate Governance Practices," all of which are disclosed on the company's website. Integrity is a core value of our Company and it is also fundamental to enterprise management. These principles apply to the directors, managers, employees, and related personnel of the Company.	No major discrepancy
(II) Has the company established a mechanism for assessing the risk of dishonest behaviors, regularly analyzing and evaluating business activities within its operational scope that are at higher risk of dishonest behaviors, and accordingly developed a plan to prevent dishonest behaviors, covering at least the measures for preventing behaviors specified in Article 7, Section 2 of the "Corporate Governance Principles for Listed and OTC Companies"?	✓		(II) The company has established the "Integrity Management Code," "Code of Ethical Conduct," and "Integrity Management Operating Procedures and Guidelines," strictly requiring that all decisions and actions of the company adhere to legal compliance as a fundamental principle, and reinforcing the concept of integrity management through education and advocacy.	No major discrepancy
(III) Does the company have clearly defined operational procedures, guidelines, penalties for violations, and a complaint system within its integrity management plan, and does it implement and regularly review and amend the aforementioned plan?	✓		(III) For units/personnel at higher potential risk (such as procurement, finance), besides conducting educational training and compiling relevant execution manuals for advocacy/regulation, risks are mitigated through internal audits or regular job rotations.	No major discrepancy
II. Implementing Integrity Management				

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
(I) Does the company assess the integrity record of its business partners and include integrity behavior clauses in contracts signed with them?	✓		(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles", and the "Operating Procedures and Behavioral Guidelines for Ethical Management". The Company takes into consideration the legitimacy of its trading partners, as well as whether they have any record of unethical conduct in its various business dealings to ensure that all business activities are in compliance with the "Principle of Ethical Conduct". It has also specified in its contracts with trading partners that the contracts may be unconditionally terminated or rescinded at any time in the event of any involvement of unethical conduct by the trading partners which damages the interests of the Company.	No major discrepancy
(II) Has the company established a dedicated unit under the Board of Directors to promote corporate integrity management, and does it report at least annually to the Board on the implementation of its integrity management policy and anti-dishonesty measures, as well as the supervision of their enforcement?	✓		(II) The company has established an "Integrity Management Code," with the Human Resources Department acting as the dedicated unit to assist the Board and management in checking and assessing whether the established preventive measures for integrity management are effectively operating, and it regularly reports to the Board. This dedicated unit reported its activities to the Board on November 8, 2023, and its operations have no significant differences from the Corporate Integrity Management Code for listed companies.	No major discrepancy
(III) Has the company established a conflict of interest policy, provided appropriate reporting channels, and implemented them effectively?	✓		(III) The "Integrity Management Policy" and "Code of Ethical Conduct" clearly define the conflict of interest policy and the situations/standards of conflict, requiring related personnel to recuse themselves and to proactively and fully report to	No major discrepancy

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
			their direct supervisors, the head of the Human Resources unit, or the Board when aware of or facing similar situations.	
(IV) Has the company established effective accounting systems and internal controls to implement integrity management, and has the internal audit unit, based on the assessment results of dishonest behavior risks, prepared related audit plans and checked the compliance of anti-dishonesty measures, or commissioned an accountant to conduct the audit?	✓		(IV) In line with the principles of integrity management, the company annually evaluates and self-inspects the effectiveness of its internal control systems, including the accounting system, making necessary amendments. Internal auditors regularly check their compliance, and an accountant is also commissioned to audit the internal controls.	No major discrepancy
(V) Does the company regularly conduct internal and external educational training on integrity management?	✓		(V) Currently, the company does not regularly conduct internal and external educational training on integrity management, but it promotes this during the training of new employees.	No major discrepancy
III. Operation of the Company's Whistleblower System (I) Has the company established a concrete whistleblower and reward system, and created convenient channels for whistleblowing, as well as appointing appropriate personnel to handle reported cases?	✓		(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles" and the "Operating Procedures and Behavioral Guidelines for Ethical Management". It encourages internal employees and external persons to report unethical or improper behavior, and offers a discretionary bonus according to the severity of the reported matter. Disciplinary action will be taken against any personnel who makes false or malicious allegations, and the personnel will be dismissed in serious cases. The Human Resources Division is the dedicated unit responsible for the planning and reviewing of the whistleblowing system to ensure the effectiveness of its implementation.	No major discrepancy

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies
	Yes	No	Summary Description	
(II) Has the company established standard operating procedures for investigating reported matters, subsequent measures to be taken after the investigation, and related confidentiality mechanisms? (III) Does the company take measures to protect whistleblowers from improper treatment as a result of their reports?	✓ ✓		(II) The Company has established a specific whistleblowing system and it has set out clear operating procedures for the raising of grievances, the investigation, and the handling measures after the end of investigation. The identities of whistleblowers and content of the offenses are treated by the Company as confidential. (III) The Company should provide protection to the relevant personnel who reported the offense or of whom the offense is reported against, in the course of their participation in the investigation process to ensure that they are not subject to unfair reprisals or treatment. In Section 23 of the "Ethical Corporate Management Best Practice Principles", the Company prescribes measures to protect the confidentiality of the identity of the informant and the content of the whistleblowing and to protect the informant from being improperly treated due to the whistleblowing.	No major discrepancy No major discrepancy
IV. Enhancing Information Disclosure Did the Company disclose its Ethical Corporate Management Best Practice Principles and effectiveness of its implementation on the Company's website and the Market Observation Post System?	✓		The company's governance section on its website (http://www.egistec.com) has disclosed the content of the Integrity Management Code, but the effectiveness of its promotion will be disclosed on the website or in the annual report.	No major discrepancy
V. If the company has established its own Integrity Management Code based on the "Corporate Integrity Management Code for Listed and OTC Companies," please describe the differences between its operations and the established code: The company has established an "Integrity Management Code" and "Integrity Management Operating Procedures and Guidelines." The Human Resources Department is the dedicated unit responsible for revising, implementing, interpreting, consulting, registering, and archiving related operations and supervising the implementation to ensure the realization of the Integrity Management Code, and it regularly reports to the Board. This dedicated unit reported its status to the Board on November 8, 2023, and its operations have no significant differences from the listed companies'				

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for the Discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td colspan="5">Integrity Management Code.</td></tr>
<tr><td colspan="5">VI. Other information helpful in understanding the company’s integrity management operations:
(I) The company adheres to the Company Law, Securities and Exchange Act, Business Accounting Act, regulations related to listed and OTC companies, and other commercial conduct laws as a basis for implementing integrity management.
(II) The company’s “Board Meeting Rules” includes a system for directors to recuse themselves from conflicts of interest. Directors who have a personal or representational conflict of interest that may harm the company’s interests can state their opinions and respond to inquiries but must not participate in the discussion or voting, and must recuse themselves during the discussion and voting. They also may not represent other directors in exercising voting rights.
(III) The company has established “Insider Trading Prevention Management” and “Internal Significant Information Handling Procedures,” which specify that directors, managers, and employees must not disclose known internal significant information to others, must not inquire about or collect undisclosed internal information irrelevant to their duties, and must not disclose any non-public significant information learned outside of their business duties.
(IV) The company has always operated on principles of integrity, follows relevant regulations and internal controls for good governance, strictly prohibits dishonest or illegal behaviors, and has a legal department for necessary consultations and approvals.
(V) The company has insured directors, managers, and key employees with Directors and Officers (D&O) Liability Insurance, effectively reducing the risk associated with their duties and protecting investor rights.</td></tr>
</table>

Fulfillment of Ethical Management and Adopting of Measures

1. The Company follows the Company Act, the Securities and Exchange Act, the International Accounting Standards, and other related regulations of listed counters as the basis for implementing the ethical management.
2. The Rules of Procedures for Board of Directors has set out a system of recusal for directors in case of conflict of interest. For events of the board meeting that have interests with itself or the legal person representing it, directors shall not participate in the discussions and voting, and they may not act on behalf of other directors in the exercise of their voting rights.
3. The Company’s internal control system clearly specifies that the person who has knowledge of the information should not announce any information to the public before releasing the material information to ensure the correctness and popularity of the information. The contents of the material information should detail the authenticity of the matter and whether or not it has any effect on the Company’s financial affairs.
4. The Company clearly stipulates the ethical code of conduct, requiring each and every employee of the Company and its subsidiaries to be responsible for complying with the code of conduct and safeguarding the Company’s cultural core values and reputation.

(VII) If the Company has formulated the Corporate Governance Practices and other relevant regulations, it should disclose the method of inquiry into these practices and regulations.

The company has drafted governance codes, and established rules for the Board, Audit Committee operations, Integrity Management Code, and Code of Ethical Conduct, all disclosed on the company's website (http://www.egistec.com) for reference.

(VIII) Other important information that would enhance an understanding of the corporate governance practices of the Company that should be disclosed: Nil.

(IX) Matters to be disclosed regarding the implementation of the internal control system

1. Statement on Internal Control: Please refer to Page 117 for further details.
2. If the Company has commissioned certified public accountants to perform examination of its internal control system, it should disclose the examination reports of the certified public accountants: Nil.

(X) Sanctions imposed on the Company and its internal personnel in accordance with the law, sanctions imposed by the Company against internal personnel who violated the regulations of the internal control system, as well as principal deficiencies, and the state of any efforts for improvements during the last fiscal year and the current fiscal year up to the date of publication of the annual report: No such situation.

(XI) Important resolutions of the Shareholders' meeting and the Board up to the date of printing of the annual report

1. Important Resolutions of the Annual Shareholders' meeting

<table>
<tr><th colspan="3">Important Resolutions of the Shareholders' Meeting</th></tr>
<tr><th>Date of Shareholders' meeting</th><th>Cause(s)</th><th>Outcome of the Resolution</th></tr>
<tr><td rowspan="5">June 21, 2023 Shareholders' meeting</td><td>Approval of the financial statements for 2022.</td><td>Approved the original proposal of the Board of Directors through voting.
Execution Status: Significant news was released on June 21, 2023.</td></tr>
<tr><td>Approval of the profit distribution plan for 2022.</td><td>Approved the original proposal of the Board of Directors through voting.
Implementation: July 17, 2023, was set as the record date for dividend distribution, with a cash dividend of NTD 3 per share, totaling NTD 207,815,262 in cash dividends distributed to shareholders, with August 4, 2023, as the payment date.</td></tr>
<tr><td>The Company proposed to issue common shares by private placement for cash capital injection.</td><td>Approved the original proposal of the Board of Directors through voting.
Execution Status: Significant news was released on June 21, 2023.</td></tr>
<tr><td>Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.</td><td>Approved the original proposal of the Board of Directors through voting.
Implementation: On June 21, 2023, significant news was released and disclosed on the company website, the company proceeded according to the revised "Asset Acquisition or Disposal Procedures."</td></tr>
<tr><td>Election of the company's directors</td><td><table><tr><th colspan="3">2023 Annual General Meeting of Egis Technology Inc.</th></tr><tr><th>Title</th><th>Name</th><th>Number of votes elected</th></tr><tr><td>Director</td><td>LO, SEN CHOU</td><td>52,645,227</td></tr></table></td></tr>
</table>

Important Resolutions of the Shareholders' Meeting				
Date of Shareholders' meeting	Cause(s)	Outcome of the Resolution		
		Director	SHIH, CHEN-JUNG	40,945,454
		Director	RO, SHIH-HAO	40,632,563
		Director	CHEN, CHAU-CHEN	40,550,487
		Director	TSAI, CHIH-CHUN	40,546,872
		Independent Director	CHEN, LAI-JUH	40,508,268
		Independent Director	STARK LIANG	40,499,455
		Independent Director	LIAO, CHUN-CHIEH	40,491,611
		Independent Director	TSENG, YU-I	40,489,195
	Proposal to lift the non-compete restrictions for the company's directors and their representatives.	Approved the original proposal of the Board of Directors through voting. Implementation: Significant information was released and disclosed on the company website on June 21, 2023,		

2. Important Resolutions of the Board of Directors

Important Resolutions of the Board of Directors		
Date of Board Resolution	Cause(s)	Outcome of the Resolution
The 20th meeting of the 7th Board of Directors 03/29/2023	1. The company's operational plan for the year 2023.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	2. 2022 Business Report and Financial Statements of the Company.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	3. Proposal for the Company's 2022 earnings appropriation.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	4. The Company's 2023 appointment of CPAs and evaluation of their independence and suitability.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	5. Issuance of the assessment of the effectiveness of the company's internal control system for the year 2022 and the "Internal Control System Statement."	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	6. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	7. Amendment of certain articles of the company's "Corporate Governance Practices."	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.

Important Resolutions of the Board of Directors		
Date of Board Resolution	Cause(s)	Outcome of the Resolution
	8. Amendment of certain articles of the company's "Board Performance Evaluation Procedures."	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	9. Election of the company's directors and matters related to the nomination period and acceptance location.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	10. Convening of the company's 2023 Annual General Meeting of Shareholders, including the date, location, reasons for the meeting, and the period and location for accepting proposals from shareholders holding more than 1% of the shares.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	11. The company plans to apply for an extension of the credit limit with its correspondent banks.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	12. Allocation of year-end bonus and performance bonus to managers of the Company in 2022.	Directors LO, SEN CHOU, YU, MING-TO, and RO, SHIH-HAO, were recipients of this proposal and recused themselves. The proposal was presided over by the Independent Director WENG, MING-JENG and was unanimously passed without objection upon consultation with all directors available for voting by the Chairman.
	13. Appointment of the Vice President of the Company.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
The 21st meeting of the 7th term 05/10/2023	1. The Company's 2023 Q1 consolidated financial statements.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	2. Proposal on the 2022 first private placement of common shares pricing and issuance related matters.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	3. Discontinued execution of the number of shares remaining in the private placement of common shares approved by the Company's 2022 general shareholders' meeting.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	4. The Company proposed to issue common shares by private placement for cash capital injection.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	5. Nomination and review of the list of director candidates (including independent directors) by the company's Board.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.

Important Resolutions of the Board of Directors		
Date of Board Resolution	Cause(s)	Outcome of the Resolution
	6. Proposal to lift the non-compete restrictions for the company's directors and their representatives.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	7. Addition of reasons for convening the company's 2023 Annual General Meeting of Shareholders.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	8. Proposal for the appointment of the company's General Manager.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	9. Proposal for the appointment of the company's Chief Technology Officer.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
The 1st meeting of the 8th term 06/21/2023	1. Election of the Chairman of the Board.	Mr. Shih-Jen Rong, a director, nominated Mr. Lo Sen-Chou as the chairman for the eighth term, and it was unanimously approved by all attending directors.
	2. Appointment of members to the company's Compensation Committee.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
The 2nd meeting of the 8th term 08/09/2013	1. 2023 second quarter consolidated financial statements of the Company.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	2. Liquidation of the subsidiary Luxsentek Microelectronics Corp.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	3. The company plans to apply for an extension of the credit limit with its correspondent banks.	The proposal was unanimously passed without objections upon consultation with all directors in attendance by the Chairman.
The 3rd meeting of the 8th term 11/08/2023	1. The Company's 2023 third quarter consolidated financial statements.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	2. The Company's 2024 audit plan.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	3. Amendment to the company's "Procedures and Guidelines for Ethical Business Operations."	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	4. Amendment to the company's "Regulations Governing Financial and Business Operations among Affiliated Enterprises."	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.

Important Resolutions of the Board of Directors		
Date of Board Resolution	Cause(s)	Outcome of the Resolution
	5. Appointment of the Company's internal audit officer.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
The 4th meeting of the 8th term 01/15/2024	1. The Company intends to conduct share swap in consideration of cash and issuance of new shares to acquire all the issued shares of InPsytech Co.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
The 5th meeting of the 8th term 03/12/2024	1. The company's operational plan for the year 2024.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	2. The Company's 2023 business report and financial statements.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	3. Proposal for the Company's 2023 deficit appropriation.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	4. The Company proposed to issue common shares by private placement for cash capital injection.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	5. The Company's 2024 change of appointment of CPAs and evaluation of their independence and suitability.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	6. Review of the effectiveness of the Company's internal control system in 2023 and the proposal for the "Declaration of Internal Control System."	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	7. Discussion about loaning of funds by the Company to MEMS Drive Inc.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	8. Discussion about accounts receivable of SCT Holdings Ltd.	The company's management team explained the plan to convert SCT's uncollected accounts receivable into participation in SCT's Series B financing. Our company's Director Zeng Yu-Yi, being a shareholder of SCT and having a conflict of interest in this case, recused himself from voting. The case was reviewed and approved by the Audit Committee and was unanimously passed after consultation by the chairman with all attending directors.
	9. Amendment to some clauses in "Operating Procedures for Acquisition or Disposal of Assets" of the Company.	The proposal was unanimously approved as per the agenda after consultation by the chairman with

Important Resolutions of the Board of Directors		
Date of Board Resolution	Cause(s)	Outcome of the Resolution
		all attending directors.
	10. Amendment of some clauses in the "Articles of Association" of the Company.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	11. Revision of the company's "Decision-Making Authority Table."	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	12. Convening of the company's 2024 Annual General Meeting of Shareholders, including the date, location, reasons for the meeting, and the period and location for accepting shareholder proposals.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	13. The company plans to apply for an extension of the credit limit with its correspondent banks.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	14. The company's purchase of IP.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	15. The company's purchase of EDA Tool.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	16. The company's annual year-end and performance bonus distribution plan for managers in 2023.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	17. The company's performance bonus distribution plan for 2023.	Director RO, SHIH-HAO of our company is a beneficiary of this case and has a conflict of interest. He excused himself from the room and abstained from voting. After consultation by the chairman with all attending directors, the case was unanimously approved as per the agenda.
	18. The appointment and dismissal of the Chief Technology Officer of the company.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
The 6th meeting of the 8th term 03/29/2024	1. The company plans to issue new shares through a capital increase as the consideration for acquiring shares of Curious Holding Co., Ltd., and proposes to discuss this share exchange cooperation project.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.
	2. Proposal to discuss the issuance of new shares through a capital increase.	The proposal was unanimously approved as per the agenda after consultation by the chairman with all attending directors.

(XII) Main content of any important board resolution passed during the last fiscal year and the current fiscal year up to the date of publication of the annual report that is on record or stated in a written statement for which any director or supervisor has a dissenting opinion: No such situation.

(XIII) Summary of any resignation or dismissal of the Chairman, General Manager, Chief Accountant, Chief Financial Officer, Internal Audit Supervisor, Corporate Governance Director and Research and Development Director of the Company in the last fiscal year and the current fiscal year up to the date of publication of the annual report:

March 31, 2024

Position	Name	Date of Appointment	Date of Dismissal	Reason for Resignation or Dismissal
General Manager	RO, SHIH-HAO	November 14, 2018	May 10, 2023	In response to the company's organizational development and operational management needs, Mr. Lo Sen-Chou, the Chairman, will also assume the role of General Manager, while Mr. RO, SHIH-HAO will transition to the position of Senior Vice President of Business.
Chief Technology Officer	LIN, GONG-YI	March 13, 2014	May 31, 2023	Resigned
Chief Technology Officer	CHOU, CHENG-ZAN	May 31, 2023	March 13, 2024	Due to organizational and operational development needs, the position of Chief Technology Officer has been terminated.

V. Public Fees of CPAs

(I) The amount of audit fees and non-audit fees paid to the certified public accountants, the accounting firm of the certified public accountants and its affiliated enterprises, and the content of non-audit services

Unit: NTD ’000

Name of Accounting Firm	Name of Certified Public Accountant	Certified Public Accountant Intermediate Checks	Audit Fees	Non-Audit Fees					Remarks
				System Design	Industrial and Commercial Registration	Human Resources	Tax Service Fees	Subtotal	
PricewaterhouseCoopers (PwC) Taiwan	Pei-Chuan Huang	January 1 to December 31, 2023	3,550						
	Chin-Chang Chen								

(II) If the accounting firm was changed and if the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the reduction in the amount of audit fees, the percentage of reduction, and the reasons for reduction should be disclosed: No such situation.

(III) If the audit fees paid are lower than those for the previous year by 15% or more, the reduction in the amount of audit fees, the percentage of reduction, and the reasons for reduction should be disclosed: No such situation.

VI. Replacement of CPA

No such situation exists.

Fiscal Year	Name of Accounting Firm	Name of Certified Public Accountant Responsible for Certification Work
2023	PricewaterhouseCoopers (PwC) Taiwan	Pei-Chuan Huang, Chin-Chang Chen
2024	PricewaterhouseCoopers (PwC) Taiwan	Pei-Chuan Huang, Hui-Ling Pan

Note: The change to the certified public accountant is due to adjustments in the internal job duties of the accounting firm.

VII. For the company's Chairman, General Manager, and managers responsible for financial or accounting tasks who have worked in the past year at the accounting firm or its affiliated enterprises, the names, job titles, and periods of employment at the accounting firm or its affiliated enterprises should be disclosed.

No such situation exists.

VIII. Recent year and up to the date of the annual report printing, changes in share transfers and pledges of equity for directors, supervisors, managers, and shareholders holding more than 10% of the shares.

(I) Changes in Equity Interests Owned by Directors, Supervisors, Managers, and Major Shareholders:

Position	Name	2023		As of March 31, 2024	
		Number of shares held Increase (Decrease)	Pledged Shares Increase (Decrease)	Number of shares held Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairman and President	LO, SEN CHOU	0	0	0	0
Director	SHIH, CHEN-JUNG	0	0	0	0
Director and Senior Vice President	RO, SHIH-HAO	0	0	0	0
Director	CHEN, CHAO-QIAN (Note 1)	0	0	0	0
Director	TSAI, CHIH-CHUN (Note 1)	0	0	0	0
Independent Director	CHEN, LAI-JUH	0	0	0	0
Independent Director	LIANG, HSIU-TSUNG (Note 1)	0	0	0	0
Independent Director	LIAO, CHUN-JIE (Note 1)	0	0	0	0
Independent Director	TSENG, YU-YI (Note 1)	0	0	0	0
Chief Financial Officer	LEE, YI-PIN	(67,000)	0	(12,000)	(40,000)
Chief Technology Officer	LIN, HENG-ZHI (Note 2)	0	0	0	0
Deputy General Manager	KAREN CHANG	0	0	0	0
Deputy General Manager	JIMMY HSI	0	0	(2,000)	0
Deputy General Manager	HSU, SU-YIN	0	0	0	0
Accountant and Associate Corporate Governance Director	KATHY HUANG	(5,000)	0	0	0
Deputy Audit Manager	SHEN, JIA-CHUAN (Note 3)	0	0	0	0

Note 1: Took office on June 21, 2023.

Note 2: Took office on March 13, 2024.

Note 3: Took office on November 08, 2023.

(II) Transfer or pledge of directors, supervisors, managers, and major shareholders with related parties: None.

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

April 26, 2024; Unit: Shares; %

Name	Shareholding Shares Held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Title, Name and Relationship of Any Related Party Among the Top 10 Shareholders, or the Spouse and Relatives Within the Second Degree of Kinship of Another		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
LO, SEN CHOU	9,006,262	12.13	0	0.00	426	0.00	Nil	Nil	
HSIEH, CHING-CHIANG	3,500,000	4.71	0	0.00	0	0.00	Nil	Nil	
JOHNSON CHANG	3,308,000	4.45	0	0.00	0	0.00	Nil	Nil	
Citi (Taiwan) Commercial Bank in custody for Norges Bank – Neuberger Berman Europe Ltd. Investment Account	2,159,000	2.91	0	0.00	0	0.00	Nil	Nil	
WU, TZU-EN	1,781,000	2.40	0	0.00	0	0.00	Nil	Nil	
HSBC Bank (Taiwan) Limited acting as custodian for the special investment account of POINT72, L.P.	1,547,000	2.08	0	0.00	0	0.00	Nil	Nil	
HO, YEN-FU	1,326,348	1.79	0	0.00	0	0.00	Nil	Nil	
WU, WEI-CHENG	1,326,000	1.79	0	0.00	0	0.00	Nil	Nil	
HSIEH, TING-YUN	750,000	1.01	0	0.00	0	0.00	Nil	Nil	
HSIEH, HAO-YUN	750,000	1.01	0	0.00	0	0.00	Nil	Nil	

X. The company, its directors, supervisors, managers, and enterprises directly or indirectly controlled by the company's shareholdings in the same invested enterprise, and the calculation of the combined total shareholding percentage.

December 31, 2023 Unit: thousand shares; %

Name of Invested Enterprise	Investment by The Company		Investment by Directors, Supervisors, Managers, or Directly and Indirectly Controlled Companies		Total Investment	
	Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %
Egis Technology (Japan) Inc.	7,680	100.00	0	0.00	7,680	100.00
Egis Technology (Korea) Inc.	20	100.00	0	0.00	20	100.00
OceanX Inc.	167	100.00	0	0.00	167	100.00
Luxsentek Microelectronics Corp.	14,000	86.93	0	0.00	14,000	86.93
VASUBI Technology Inc.	4,000	100.00	0	0.00	4,000	100.00
NUI Technology Inc.	9,000	100.00	0	0.00	9,000	100.00
Taurus Wireless Inc.	5,000	100.00	0	0.00	5,000	100.00
Transducer Star Technology INC.	2,780	90.26	0	0.00	2,780	90.26
Shentao Intelligent Technology (Shanghai) Co., Ltd.	-	100.00	0	0.00	-	100.00
Egis (Hong Kong) Limited	-	100.00	0	0.00	-	100.00
Alcor Micro Corporation	20,000	20.42	0	0.00	20,000	20.42
iCatch Technology, Inc.	18,000	18.91	0	0.00	18,000	18.91
SCT Holdings Ltd.	6,404	19.51	0	0.00	6,404	19.51
Egis Innovation Fund G.P., Ltd.	750	50.00	0	0.00	750	50.00

Four. Fundraising Situation

I. Capital and Shares

(I) Source of Share Capital

1. Source of Share Capital

March 31, 2024; Unit: New Taiwan Dollars; Shares

Month Year	Issue Price (NTD)	Authorized Share Capital		Paid-in Share Capital		Remarks		
		Number of Shares (Shares)	Amount (NTD)	Number of Shares (Shares)	Amount (NTD)	Source of Share Capital	Those who Use Non-Cash Property to Offset Share Payment	Others
12/2007	10	100,000	1,000,000	100,000	1,000,000	Share capital acquired from founding assembly 1,000,000	-	Note 1
01/2008	10	12,900,000	129,000,000	12,900,000	129,000,000	Capital injection in cash 128,000,000	-	Note 2
04/2008	10	18,000,000	180,000,000	18,000,000	180,000,000	Capital injection through consolidation 51,000,000	-	Note 3
05/2008	43.27	60,000,000	600,000,000	36,050,000	360,500,000	Capital injection in cash 180,500,000	-	Note 4
05/2008	10	60,000,000	600,000,000	19,650,000	196,500,000	Capital reduction in cash 164,000,000	-	Note 5
05/2008	10	60,000,000	600,000,000	36,050,000	360,500,000	Capital injection by transfer of capital reserves 164,000,000	-	Note 6
07/2008	75.98	60,000,000	600,000,000	37,250,000	372,500,000	Capital injection in cash 12,000,000	-	Note 7
07/2008	23.46	60,000,000	600,000,000	49,629,856	496,298,560	Capital injection through consolidation 123,798,560	-	Note 8
07/2010	-	60,000,000	600,000,000	49,668,254	496,682,540	Employee stock warrants 383,980	-	Note 9
12/2013	-	60,000,000	600,000,000	52,249,254	522,492,540	Employee stock warrants 25,810,000	-	Note 10
02/2014	75	100,000,000	100,000,000	61,049,254	610,492,540	Capital injection in cash 88,000,000	-	Note 11
04/2014	-	100,000,000	100,000,000	62,044,254	620,442,540	Employee stock warrants 9,950,000	-	Note 12
08/2014	-	100,000,000	100,000,000	62,064,254	620,642,540	Employee stock warrants 200,000	-	Note 13
12/2014	-	100,000,000	100,000,000	62,149,254	621,492,540	Employee stock warrants 850,000	-	Note 14
02/2015	-	100,000,000	100,000,000	62,154,254	621,542,540	Employee stock warrants 50,000	-	Note 15
08/2015	-	100,000,000	100,000,000	62,178,254	621,782,540	Employee stock warrants 240,000	-	Note 16
12/2015	-	100,000,000	100,000,000	68,469,254	684,692,540	Capital injection in cash 62,910,000	-	Note 17
03/2016	-	100,000,000	100,000,000	68,764,254	687,642,540	Employee stock warrants 2,950,000	-	Note 18
04/2016	-	100,000,000	100,000,000	68,839,254	688,392,540	Employee stock warrants 750,000	-	Note 19
03/2017	- -	100,000,000	100,000,000	69,677,754	696,777,540	Employee stock warrants 8,385,000	-	Note 20
08/2017	-	100,000,000	100,000,000	69,847,754	698,477,540	Employee stock warrants 1,700,000	-	Note 21
12/2017	-	100,000,000	100,000,000	70,490,540	704,907,540	Employee stock warrants 710,000 New restricted employee shares	-	Note 22

Month Year	Issue Price (NTD)	Authorized Share Capital		Paid-in Share Capital		Remarks		
		Number of Shares (Shares)	Amount (NTD)	Number of Shares (Shares)	Amount (NTD)	Source of Share Capital	Those who Use Non-Cash Property to Offset Share Payment	Others
						5,720,000		
03/2018	-	100,000,000	100,000,000	70,980,254	709,802,540	Employee stock warrants 4,895,000	-	Note 23
09/2018	-	100,000,000	100,000,000	70,974,254	709,742,540	Cancellation of 60,000 new restricted employee shares	-	Note 24
03/2019	-	100,000,000	100,000,000	71,064,254	710,642,540	Employee stock warrants 930,000 Cancellation of 30,000 new restricted employee shares	-	Note 25
05/2019	-	100,000,000	100,000,000	71,160,754	711,607,540	Employee stock warrants 965,000	-	Note 26
12/2019	-	100,000,000	100,000,000	71,265,254	712,652,540	Employee stock warrants 1,045,000	-	Note 27
03/2020	-	100,000,000	100,000,000	71,381,754	713,817,540	Employee stock warrants 1,225,000 Cancellation of 60,000 new restricted employee shares	-	Note 28
06/2020	-	100,000,000	100,000,000	71,378,754	713,787,540	Cancellation of 30,000 new restricted employee shares	-	Note 29
12/2020	-	100,000,000	100,000,000	71,375,754	713,757,540	Cancellation of 30,000 new restricted employee shares	-	Note 30
06/2021	-	100,000,000	100,000,000	70,775,754	707,757,540	Cancellation of NTD 6,000,000 of treasury stock	-	Note 31
11/2021	-	100,000,000	100,000,000	70,771,754	707,717,540	The Company collected new restricted employee shares of NTD 40,000	-	Note 32
12/2021	-	100,000,000	100,000,000	69,271,754	692,717,540	Cancellation of NTD 15,000,000 of treasury stock	-	Note 33
05/2023		100,000,000	100,000,000	74,271,754	742,717,540	Capital increase by private placement of common shares 5,000,000 shares		Note 34

Note 1: Taipei City Government 12/26/2007 Fu Chan Yeh Shang Tzu No. 09693753210.

Note 2: Taipei City Government 02/21/2008 Fu Chan Yeh Shang Tzu No. 09781401110.

Note 3: Taipei City Government 04/29/2008 Fu Chan Yeh Shang Tzu No. 09783518310.

Note 4: Taipei City Government 06/03/2008 Fu Chan Yeh Shang Tzu No. 09784640010.

Note 5: Taipei City Government 06/18/2008 Fu Chan Yeh Shang Tzu No. 09785509410.

Note 6: Taipei City Government 06/27/2008 Fu Chan Yeh Shang Tzu No. 09786113210.

Note 7: Taipei City Government 07/22/2008 Fu Chan Yeh Shang Tzu No. 09787050510.

Note 8: Taipei City Government 08/26/2008 Fu Chan Yeh Shang Tzu No. 09787564510.

Note 9: Taipei City Government 10/29/2010 Fu Chan Yeh Shang Tzu No. 09986101620.

Note 10: Ministry of Economic Affairs 01/02/2014 Ching Shou Shang Tzu No. 10201267500.

Note 11: Ministry of Economic Affairs 03/10/2014 Ching Shou Shang Tzu No. 10301036470.

Note 12: Ministry of Economic Affairs 04/10/2014 Ching Shou Shang Tzu No. 10301060840.

Note 13: Ministry of Economic Affairs 09/03/2014 Ching Shou Shang Tzu No. 10301182950.

Note 14: Ministry of Economic Affairs 12/30/2014 Ching Shou Shang Tzu No. 10301270280.

Note 15: Ministry of Economic Affairs 03/20/2015 Ching Shou Shang Tzu No. 10401042210.

Note 16: Ministry of Economic Affairs 09/18/2015 Ching Shou Shang Tzu No. 10401180090.

Note 17: Ministry of Economic Affairs 01/11/2016 Ching Shou Shang Tzu No. 10401280730.

Note 18: Ministry of Economic Affairs 04/01/2016 Ching Shou Shang Tzu No. 10501065020.

Note 19: Ministry of Economic Affairs 08/24/2016 Ching Shou Shang Tzu No. 10501209650.

Note 20: Ministry of Economic Affairs 04/06/2017 Ching Shou Shang Tzu No. 10601043350.

Note 21: Ministry of Economic Affairs 09/01/2017 Ching Shou Shang Tzu No. 10601125800.

Note 22: Ministry of Economic Affairs 12/14/2017 Ching Shou Shang Tzu No. 10601169060.

Note 23: Ministry of Economic Affairs 03/28/2018 Ching Shou Shang Tzu No. 10701030910.

Note 24: Ministry of Economic Affairs 09/19/2018 Ching Shou Shang Tzu No. 10701116310.

Note 25: Ministry of Economic Affairs 03/07/2019 Ching Shou Shang Tzu No. 10801017040.

Note 26: Ministry of Economic Affairs 05/29/2019 Ching Shou Shang Tzu No. 10801061630.

Note 27: Ministry of Economic Affairs 12/06/2019 Ching Shou Shang Tzu No. 10801181030.

Note 28: Ministry of Economic Affairs 03/06/2020 Ching Shou Shang Tzu No. 10901026000.

Note 29: Ministry of Economic Affairs 06/09/2020 Ching Shou Shang Tzu No. 10901089260.

Note 30: Ministry of Economic Affairs 12/09/2020 Ching Shou Shang Tzu No. 10901232690.

Note 31: Ministry of Economic Affairs 06/09/2021 Ching Shou Shang Tzu No. 11001099810.

Note 32: Ministry of Economic Affairs 11/02/2021 Ching Shou Shang Tzu No. 11001198540.

Note 33: Ministry of Economic Affairs 12/10/2021 Ching Shou Shang Tzu No. 11001217680.

Note 34: Ministry of Economic Affairs 05/31/2023 Ching Shou Shang Tzu No. 11230093130.

2. Type of Shares

March 31, 2024; Unit: Shares

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common stock	74,271,754	25,728,246	100,000,000	Over-the-counter stock

3. Summary of information related to the declaration system: Not applicable.

(II) Shareholder Structure

April 26, 2024; Unit: People; Shares; %

Shareholder Structure	Government Agencies	Financial Institutions	Other Juristic Persons	Individuals	Foreign Organizations and Foreigners	Total
Number of persons	0	0	204	34,891	61	35,156
Number of Shares Held	0	0	1,315,806	64,881,158	8,074,790	74,271,754
Shareholding ratio	0.00	0.00	1.77	87.36	10.87	100.00

(III) Distribution of Shareholders' Equity

April 26, 2024; Unit: People; Shares; %

Shareholding Level	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1 to 999	22,857	737,731	0.99
1,000 to 5,000	10,942	18,848,907	25.38
5,001 to 10,000	766	6,008,995	8.09
10,001 to 15,000	176	2,265,509	3.05
15,001 to 20,000	138	2,563,196	3.45
20,001 to 30,000	103	2,654,249	3.57
30,001 to 40,000	44	1,563,185	2.10
40,001 to 50,000	31	1,409,264	1.90
50,001 to 100,000	53	3,744,804	5.04
100,001 to 200,000	24	3,090,482	4.16
200,001 to 400,000	4	1,242,251	1.67
400,001 to 600,000	5	2,520,571	3.39
600,001 to 800,000	5	3,669,000	4.94
800,001 to 1,000,000	0	0	0.00
1,000,001 shares and more	8	23,953,610	32.27
Total	35,156	74,271,754	100.00

(IV) List of Principal Shareholders

Name, Number of Shares Held and Shareholding Ratio of Shareholders with Equity Stake of Five Percent (5%) or More or Top Ten Shareholders in Terms of Equity Stake

April 26, 2024; Unit: Shares; %

Shares / Name of Principal Shareholder	Number of Shares Held	Shareholding Ratio
LO, SEN CHOU	9,006,262	12.13
HSIEH, CHING-CHIANG	3,500,000	4.71
JOHNSON CHANG	3,308,000	4.45
Citibank (Taiwan) acts as the custodian for the investment management account of Neuberger Berman Europe Limited on behalf of the Central Bank of Norway	2,159,000	2.91
WU, TZU-EN	1,781,000	2.40
HSBC Bank (Taiwan) Limited acting as custodian for the special investment account of POINT72, L.P.	1,547,000	2.08
HO, YEN-FU	1,326,348	1.79
WU, WEI-CHENG	1,326,000	1.79
HSIEH, TING-YUN	750,000	1.01
HSIEH, HAO-YUN	750,000	1.01

(V) Market Price, Net Value, Earnings and Dividends Per Share and Relevant Information for the Last Two Fiscal Years

Unit: NTD; Thousand Shares

Item		Fiscal Year	2022	2023	As of March 31 of the current year (Note 4)
Market price per share (Note 1)	Maximum		122.50	135.50	336.00
	Minimum		54.80	59.60	121.50
	Average		88.18	89.64	242.28
Net value per share (Note 2)	Before distribution		57.74	53.47	
	After distribution		54.74	53.47	
Earnings per share	Weighted average number of shares		69,272	72,422	
	Earnings per share (Note 3)		(12.31)	(9.97)	
Dividends per share	Cash dividends		3	0	
	Stock grants	Stock dividends from retained earnings	-	-	
		Stock dividends from capital reserves	-	-	
	Accumulated unpaid dividends		-	-	
Analysis of return on investment	Price-to-Earnings Ratio (Note 1)		(7.16)	(8.99)	
	Price-to-Principal Ratio (Note 2)		29.39	-	
	Cash Dividend Yield (Note 3)		3.40%	-	

Note 1: Price-earnings ratio = average closing price per share for the current year/retained earnings per share.

Note 2: Dividend yield = average closing price per share for the current year/cash dividends per share.

Note 3: Cash dividend yield = cash dividends per share/average closing price per share for the current year.

Note 4: The net value per share and earnings per share should include the latest quarterly data reviewed (audited) by the accountant up to the date the annual report was printed; financial data for the first quarter of 2024 that has been reviewed by the accountant has not yet been issued as of the annual report printing date.

(VI) Dividend Policy of the Company and Implementation Status

1. The dividend policy of the Company is as follows:

After the closing of accounts for the year, if there is earnings, the Company shall first pay the taxes, make up for accumulated losses, and then set aside 10% of the said profits as legal reserve; where such legal reserve amounts to the total paid-in capital of the Company, this provision shall not apply. The company shall also set aside or reverse another sum as special reserve in accordance with the law or regulations of competent authorities. The Board of Directors shall draft an earnings distribution proposal for the remaining earnings amount, as well as the undistributed earnings at the beginning of the period. If the distribution proposal will be issuing new shares, the distribution shall be made after a resolution of a shareholders meeting. If the distribution proposal will be issuing cash, in accordance with item 5 of Article 240 of the Company Law, the Board of Directors shall be authorized to issue the cash upon the resolution of a meeting with a quorum of two-thirds of all directors and a simple majority vote of attending directors as well as a report to the shareholders meeting.

The Company's dividends policy is in line with the current and future development plans, with the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders and other such factors taken into account; and with reference to the general standard of dividends issuance in the same industry and capital market as the basis for dividends issuance. Dividends and bonuses may be distributed in the form of cash or shares, of which cash dividends shall be no less than 20% of the total shares.

2. Situation of proposed shareholder dividend distribution for this fiscal year: The company incurred losses in 2023 and proposes not to distribute dividends to shareholders.

3. Explanations shall be provided where major changes are expected in the dividend policy: No such situation.

(VII) The impact of the proposed bonus issue of shares on the company's business performance and earnings per share for this shareholders' meeting:

The company incurred losses in 2023 and proposes not to distribute dividends to shareholders, therefore it is not applicable.

(VIII) Employee and Directors' Remunerations

1. The percentages and ranges of employee, directors' and supervisors' remunerations stated in the Articles of Association of the Company:

   If the Company makes a profit in the year (the so-called profit refer to the pre-tax profit before the deduction of remunerations payable to the employees and directors), it shall set aside no less than 5% of the profits for employee remunerations and no more than 1% for director remunerations. However, if the Company has accumulated losses (including the adjustment of undistributed earnings amount), the amount for offsetting should first be retained.

   The employee remunerations stated above may be paid in the form of shares or cash, and the object of payment shall include the employees of subsidiaries who meet the conditions set by the Board of Directors. The director remunerations stated above may only be paid in the form of cash.

   The two items above shall be handled according to the resolutions of the Board of Directors and reported at the shareholders meeting.

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

   If there are any changes to the amount of employee and director remunerations in the earnings distribution plan approved in the shareholders' meeting, the difference in amount shall be accounted for as a change in accounting estimate and listed as profit and loss in the fiscal year that the resolution was passed in the shareholders' meeting. It shall not affect the financial reports that have been recognized.

3. Remuneration distribution approved by the Board of Directors:

(1) The amount of any employee remunerations distributed in cash or stocks and remunerations for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year in which these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

Due to losses in 2023, the company will not distribute employee compensation or director remuneration as stipulated in the articles of association.

(2) The amount of employee remunerations distributed in stocks, and the percentage of the amount of the net profit after tax stated in the parent company only financial reports or individual financial reports for the current period and total employee remunerations: Not applicable.

4. The actual distribution of employee and director remunerations for the previous fiscal year (including number of shares, monetary amount, and stock price), and if there is a difference between these and those recognized employee and director remuneration, the difference, reason and handling situation should be stated clearly:

The Company made a loss in 2022. Hence, it will not distribute employee remunerations and director remunerations in accordance with the Articles of Association.

(IX) The situation of the company repurchasing its own shares

Number of Times / Item	First Time	Second Time
Date of Board Resolution	03/05/2018	09/18/2018
Purpose of Repurchase	Transfer of shares to employees	Transfer of shares to employees
Period of Repurchase	From April 12 to May 4, 2018	From September 20 to November 18, 2018
Average Repurchase Price Per Share	NTD 131.46	NTD 99.93
Quantity and Categories of Repurchased Shares	600,000 common shares	2,000,000 common shares
Total Amount of Repurchased Shares	NTD 78,875,372	NTD 199,864,513
Ratio (%) of the number of repurchased shares to the number of shares reserved for repurchase	42.55%	100%
Quantity of Shares Canceled and Transferred	Cancelled 600,000 shares	Cancelled 1,500,000 shares Transferred 500,000 shares
Cumulative Shares of the Company Held	0	0
Proportion of Cumulative Shares of the Company Held to Total Quantity of Shares Issued	0%	0%

II. Handling of Corporate Bonds

No such situation.

III. Handling of Preferred Stocks

No such situation.

IV. Handling of Overseas Depository Receipts

No such situation.

V. Handling of Employee Stock Options

No such situation.

VI. Handling of Restricted Employee Stock

No such situation.

VII. Handling of Mergers and Acquisitions (including mergers, acquisitions, and splits):

(I) On January 15, 2024, our company and Inpsytech, Inc. (hereinafter referred to as Inpsytech) each held a board meeting where a share exchange proposal was approved. The transaction was settled with cash and new shares issued by our company, resulting in our acquisition of 100% of the issued shares of Inpsytech. The consideration for this share exchange transaction is NTD 179.48 in cash and 0.959341032 newly issued common shares of our company for each common share of Inpsytech. The final exchange ratio will be adjusted according to the share exchange agreement between both parties. Subject to the approval of relevant regulatory authorities and the completion of the share exchange process, the provisional date set for the share exchange is July 1, 2024. After the completion of the share exchange, Inpsytech will become a wholly owned subsidiary of our company.

Basic Information Table of the Acquired and Transferring Companies

Unit: New Taiwan Dollars (NTD)

Company Name	Inpsytech Inc.
Company address	6F-1, No. 1, Taiyuan 2nd Street, Zhubei City, Hsinchu County
Person-in-charge of Nomura Taiwan	Chiu Su-Chuan
Paid-in Capital	NTD 147,090,550
Main business item	Electronic Components Manufacturing
Main Products	UCIe (D2D, Chiplet to Chiplet), DDR and LPDDR Combo PHY, ONFI 5.1 PHY, used for automotive sensors and transmission IP, and high-speed, low-power, small-area customizable Standard Cell Library, special I/O, and other foundation IPs. Several of these IPs support CoWoS / INFO and other 2.5D / 3D advanced packaging technologies.

Financial information for the most recent year	Total Assets	NTD 584,277,700
	Total	NTD 240,750,024
	Total shareholders' equity	NTD 343,527,676
	Operating revenue	NTD 290,357,921
	Gross profit from operations	NTD 290,357,921
	Operating profit and loss	NTD 94,153,001
	Profit and loss for the current period	NTD 98,411,245
	Earnings per share	NTD 6.69

Note: The financial data for the most recent year mentioned above is based on the financial statements audited by the company's appointed accountant.

(II) The Company and Curious Holding Co., Ltd. (hereinafter referred to as "Curious") held separate board meetings on March 29, 2024 to approve the share exchange proposal, whereby the Company would acquire 60% of the outstanding shares of Curious by offering new shares issued by the Company as consideration. The consideration for the share conversion is 0.034302493 new shares of the Company issued by Curious for every common share. The final share swap ratio will be adjusted according to the share exchange agreement between the two parties. If the Approximately NTD 525 million. After the approval of the competent authority and the completion of the share swap, the record date for share swap was tentatively set as July 10, 2024. After the share swap, the Company will hold 60% of the shares of Curious.

Basic Information Table of the Acquired and Transferring Companies

Unit: USD

Company Name		Curious Holding Co., Ltd.
Company address		Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, Cayman Islands
Person-in-charge of Nomura Taiwan		Chiu-Hsiang Lin, Nian-Hong Zhong, Taka-xing Onoji
Paid-in Capital		Less than USD 7,000,000
Main business item		Development and design of analog and hybrid IC IP, mainly providing transmission interface and related IP licensing for integrated circuits
Main Products		SONY Semiconductor solution SLVS-EC, camera PHY interface IP (including SER/DES), flat panel display (LCD/Plasma) interface IP, image sensor IP, image processing IP, ASIP/ASIC (customized IP/IC) and so on.
Financial information for the most recent year	Total Assets	USD 4,803,658.05
	Total	US$2,332,798.44
	Total shareholders' equity	USD 2,470,859.61
	Operating revenue	USD 4,803,658.05
	Gross profit from operations	USD 4,803,658.05
	Operating profit and loss	USD 465,841.72
	Profit and loss for the current period	USD 432,131.27
	Earnings per share	USD 0.004

Note: The above financial information for the most recent year is based on the self-contained statements of 2023.

VIII. Implementation of Capital Utilization Plan

(I) Contents of the plan

Item	2022 first private placement Date of issuance: May 15, 2023
Date and Content of Shareholders' meeting Approval	(I) On June 22, 2022, at the annual shareholders' meeting, our company received approval to authorize the board of directors to conduct a private placement of common stock, not exceeding 10,000,000 shares, depending on market conditions and the company's needs, within one year from the date of resolution, to be executed in two separate occasions. (II) On May 10, 2023, the board of directors convened and executed the first private placement of 5,000,000 common shares. The funds were fully paid by May 16, 2023, with the private placement price set at NTD 70 per share, totaling NTD 350,000,000, aimed at enhancing operational capital. (III) According to Article 43-6 of the Securities and Exchange Act, private placements must be executed before the one-year deadline from the date of the shareholders' meeting resolution. As the deadline approached, the board approved the cessation of the remaining 5,000,000 shares of the private placement before the expiration.
Total Amount of Funds Required	NTD 350,000,000
Source of Funds	Private placement of 5,000,000 common shares, with a par value of NTD 10 per share and a private placement price of NTD 70 per share, totaling NTD 350,000,000.
Purpose of Private Placement Funds	To enhance operational capital, strengthen the financial structure, or meet other future developmental financial needs.
Projected Benefits	Strengthen the company's financial structure, enhance operational efficiency, and improve overall competitiveness, which positively benefits shareholder equity.

(II) Implementation Status

1. The usage of private placement funds and progress of the plan implementation

January 31, 2024

Item No.	Planned items	Implementation progress			Balance and purpose of undrawn capital	Reasons for leading or lagging behind and improvement Plan
First Time	Enrich working capital	Amount used	Scheduled	NTD 350,000 thousand	The funds were used up in 2023 Q3	Nil
			Actual	NTD 350,000 thousand		
		Implementation progress (%)	Scheduled	100.00%		
			Actual	100.00%		

2. Evaluation of implementation effectiveness

Unit: NTD'000; %

Item \ Fiscal Year		2022	2023
Financial information	Shareholders' equity	3,999,750	3,971,327
Financial structure	Debt ratio	36.54	34.79
	Long-term capital to property, plant and equipment ratio	7,050.24	4,977.44
Solvency	Current ratio	200.23	151.07
	Quick ratio	138.83	119.59

The primary use of the funds raised through this private placement is to bolster operational capital, increase the liquidity of available funds and enhance their flexibility, and improve the financial structure. Looking at the financial structure, the debt ratio decreased from 36.54% at the end of 2022 to 34.79% at the end of 2023, demonstrating the effectiveness of this fundraising. Additionally, with the participation of subscribers, this accelerates our company’s opportunities in product and market development. Through various industry integrations or joint research and development in the market, we aim to enhance the company’s operational performance and overall competitiveness.

Five. Operational Overview

I. Business Content

(I) Scope of Business

1. Principal Business Activities

(1) I301010 Information Software Service Industry

(2) I301020 Document Processing Service Industry

(3) I301030 Electronic Information Supply Service Industry

(4) I501010 Product Design Industry

(5) F401010 International Trade Industry

(6) ZZ99999 Besides those that are subject to approval, all businesses that are not prohibited or restricted by business law shall be operated

2. The Proportion of Primary Business Products (Services)

(1) Biometric Sensing ICs: We offer a variety of ICs and modules to customers that significantly reduce the number of components and are compact in size. These are primarily used in smartwatches, Laptopssmartphones, and tablets. In addition, we also provide fingerprint recognition application software.

(2) Peripheral and Control ICs for Information and Consumer Products: Digital information exchange and transfer may be performed based on USB interface device needs and through the relevant control IC. They include products such as storage device control ICs, memory card reader control ICs, smart card reader control ICs, Ethernet hub ICs, output and input device control ICs and image signal processor control ICs.

(3) Wireless Audio Control ICs: This includes wireless audio control ICs and modules, which are used in smart TVs, home entertainment audio-visual applications, portable multimedia applications, computer multimedia applications, and other multimedia applications in gaming.

(4) Technical Services: We provide software testing and sensing IC development services according to customer needs.

Unit: NTD ’000

Fiscal Year / Product Item	2022		2023	
	Net Operating Revenue	Percentage (%)	Net Operating Revenue	Percentage (%)
Biometric Recognition Sensing IC and Its Applications	2,475,567	75%	1,809,785	47%
Peripheral and Control ICs for Information and Consumer Products	629,642	19%	1,531,469	40%
Wireless Audio Control ICs	152,305	5%	219,393	6%
NRE design service, ASIC wafer products	-		228,712	6%
Others	31,786	1%	59,236	1%
Total	3,289,300	100%	3,848,595	100%

3. Current Products (Services)

The Company is dedicated to the design, development, manufacture, and sale of the biometric recognition sensor chips. Besides the passive capacitive fingerprint and optical fingerprint recognition chips being the key products of the Company, the Company plans to proactively introduce fingerprint independent computing chip, Time of Flight (ToF), vehicle fingerprint recognition chip, and ambient brightness and proximity sensor chip this year. Currently, the main products of the Company include:

(1) The sensing solution of passive capacitive fingerprint recognition

The company provides a range of chips and modules to meet diverse customer demands. Our designed fingerprint sensing products are characterized by significantly reduced component count and compact size, making them easier to integrate with mobile devices that require sleek, compact designs. Other than hardware chips, the Company also provides various integrated software and hardware application solutions for fingerprint recognition.

The new generation of capacitive fingerprint further improves resolution and enhances sensing sensitivity to capture clearer fingerprint information in a smaller sensing area, improves recognition and 2.5D anti-counterfeit capability and can be hidden within the keys of a mobile phone.

(2) Under-screen fingerprint recognition sensing solution

Under-screen fingerprint solutions can effectively improve the screen-to-body ratio of mobile phones, as well as improved cost and performance now with optical imaging. In the past few years, the Company has introduced a series of optical fingerprint recognition chips which can be used for fingerprint sensing on soft and hard organic light emitting diode (OLED) screens without using fingerprint sensing buttons, increasing screen-to-body ratio and optimizing user experience.

(3) Fingerprint Independent Computing Chip

Together with our company’s small-area fingerprint chips, the standalone fingerprint recognition module offers a hostless, secure, and rapid fingerprint recognition function.

(4) Time-of-Flight (ToF) distance measurement sensor chip

It provides a 3D Depth Map on the surface of an object. It is suitable for the multi-lens handset fast focus, and can be used in Notebook human body detection for privacy protection and power saving.

(5) Ambient light and proximity sensor chip

It provides the display brightness adjustment for the ambient brightness of mobile phones, TVs, Notebooks, and monitors, with the phone proximity detection.

(II) Industry Highlights

1. Current State of the Industry and Future Developments

In 2023, the semiconductor industry faced challenges such as inflation, high interest rates, geopolitical risks, and ongoing impacts from supply chain inventory reductions, leading to weak end-user demand and a poor global semiconductor market. In the future, the focus will be on emerging technology fields and digital transformation, including artificial intelligence (AI), 5G, automotive semiconductors, and high performance computing. It is estimated that with the drive from AI, High-Performance Computing (HPC), and electrification, the global semiconductor market will return to a growth trend in 2024.

According to the World Semiconductor Trade Statistics organization (WSTS), the global semiconductor market value in 2023 is estimated at approximately $526.8 billion, a year-over-year decrease of 8.2%. This decline is primarily due to a weak global economy, with discrete component growth at 4.3%, optical components declining by 1.5%, and sensor components decreasing by 9.8%. The demand for integrated circuits (IC) has been low, and the supply chain continues to adjust inventories. From a product category perspective, there was a 9.7% decline. Among them, the memory market within ICs experienced the largest downturn, decreasing by 28.9%. Looking ahead to 2024, WSTS expects the semiconductor market to recover driven by strong demand for AI chips, with an anticipated annual growth rate of 13.1%, reaching a total market size of $588.3 billion.

Despite still facing cyclical industry changes, the semiconductor supply chain is moving toward regionalization and localization. Countries are actively developing relevant talent to ensure the sufficient human resources to drive industry chain growth and maintain competitiveness. Long-term trends include increasing penetration rate of semiconductors in emerging technology fields, including in AI, 5G network infrastructure, self-driving cars, electric vehicles, Internet of Things, cloud computing, and storage devices, greater diversification of product lines, and continuous improvement of chip performance. According to Industrial Economics & Knowledge Center (IEK), in 2023, the semiconductor industry in Taiwan had a value of approximately NTD 4.34 trillion and the IC design industry in Taiwan had a value of approximately NTD 1.10 trillion. Taiwan plays a very important role in the global semiconductor and downstream consumer electronics industries, etc.

Currently, the Company is gearing towards smartphones as our main direction of business development while closely monitoring future trend changes and integrating the experience before to grasp market opportunities. At present, the smartphone market is saturated and the fingerprint recognition technology is mature. Under intense competition, apart from optimizing current products, the Company is also actively pushing forward transformation, dedicated to the development of new products and new applications, and expanding non-fingerprint recognition chip business and non-phone market applications. According to estimates by research firm IDC, global smartphone shipments in the fourth quarter of 2023 reached 326.1 million units, an 8.5% increase compared to the same period in 2022. Due to overall economic challenges and inventory increases, global smartphone shipments for the full year of 2023 amounted to 1.17 billion units, a year-over-year decrease of 3.2%. Looking ahead, as manufacturers' inventory levels return to normal by the end of 2023, along with new device launches driving demand in the second half of the year, global smartphone shipments in the fourth quarter of 2023 have stabilized and are expected to recover in 2024.

In the smartphone market, according to the "2024 Global Mobile Economy Report" recently published by the GSMA (Groupe Speciale Mobile Association), by January 2024, there were 261 operators worldwide offering 5G services. By the end of 2023, the total number of 5G connections had reached 1.6 billion, and it is estimated that by 2030, the global smartphone connectivity will reach billions, with 5G accounting for 56% of mobile connections. The market is expected to resume growth as existing phones are replaced with 5G phones and low-price smartphones by feature phone users in emerging markets.

Our company is also the [1]only Taiwanese member of the board of directors of the FIDO Alliance (Fast IDentity Online Alliance), actively participating in meetings to set various authentication standards. We hope that by joining the FIDO Alliance, the chips we manufacture will be allowed into various new fields of application and by being actively involved in FIDO and other international mobile payment alliances, we can participate in the making of the game rules and contribute our technologies and experience. Beyond the flourishing and diverse applications of fingerprint recognition, other biometric technologies have emerged in recent years, such as Apple's introduction of 3D facial recognition for unlocking and payments (iPhone X) since 2017, iris recognition (Samsung S8/S9 and Note 8/Note 9) in 2018, and vein recognition (LG G8 ThinQ). However, in terms of user intuitiveness and convenience, fingerprint recognition still outperforms. The Samsung S10 series in 2019 adopted Qualcomm's ultrasonic technology, officially introducing under-display fingerprint scanning and replacing iris recognition technology. China's top four mobile phone manufacturers (Huawei, OPPO, Vivo, and Xiaomi) have also identified under-screen fingerprint as an important feature perceived by users in the future. Under-display fingerprints do not affect the panel's appearance nor require a notch; as smartphone manufacturers further handle the front camera lens with hole-punch or pop-up mechanisms, the integrity of the screen's visuals is greatly enhanced. IHS Markit believes that using under-display fingerprint technology on the front of smartphones is an ideal approach. The existing 3D sensing technologies, whether structured light or time of flight, should be integrated with the rear camera module on the back of the device to provide rapid focusing capabilities and to further enhance the potential for future augmented reality (AR) applications.

In fact, the fingerprint recognition function is not only used to unlock the screen. For example, Samsung has developed corresponding functions such as privacy mode, which only allows users themselves to access private folders, so that users can keep their files private and avoid problems such as leakage of private files or data when the phone is used by a third party. In addition, with the popularization of fingerprint recognition in the future, looking ahead, for the application scenario such as finance and others which set a high bar for the security, it is possible that two alternatives out of facial recognition, fingerprint recognition, and password will exist at the same time. Based on the technology and market position for fingerprint recognition, the Company will solicit more partners and continue to involve in all kinds of advanced biometric recognition fields to lead the technology and consolidate our market competitiveness.

To sum up, since the advent of fingerprint recognition solutions, the supply chain of under-screen fingerprint solutions has become relatively mature. Technically, it is set to be optical and ultrasonic, the components (lens), manufacturing process and modules are more complete, and the sensing performance has also been recognized by major mobile phone manufacturers. However, mobile phone manufacturers are not fully satisfied with the current

1 FIDO board members include Alibaba, Amazon, Apple, Shield (possibly referring to a company), Facebook, Google, Infineon, Intel, Mastercard, Microsoft, NTT Docomo, Qualcomm, Samsung, Visa, among others.

under-screen fingerprint technology, so reducing the module space or expanding the sensing area are directions that can be continuously improved in the future. In particularly, if the sensing area is to be expanded, blind unlocking and multi-finger authentication can be added to improve security and convenience.

2. Relationship between the Upstream, Midstream, and Downstream Sectors of the Industry

   In Taiwan's IC industry, the relationship between the upstream, midstream, and downstream sectors can be categorized into IC design companies in the upstream, IC wafer plants in the midstream, and IC packing and testing factories in the downstream. The main business of upstream IC design companies comprises designing and selling their own products, or accepting design assignments from customers. They belong to the upstream sector in the industrial value chain. The main business activity of midstream IC wafer plants is to transform the well-designed circuits into the chips, using precise equipment, complex processes, and strict quality control. The main business activity of downstream IC packing and testing factories involves cutting, packaging, testing, and packing of the manufactured IC wafers, to obtain the final IC product.

3. Various Development Trends of the Product

   A. Capacitive Fingerprint Recognition

      With the popularization of fingerprint recognition on smartphones, capacitive fingerprint recognition has had the most development to date and is used by the largest amount of people for biometric recognition. It uses a special chip to detect and sense capacitance changes from the crest and trough when the chip contact with the fingertip. An advanced algorithm is applied to detect particular characteristic and identify different users. The capacitive fingerprint recognition has advantages of small-sized components, low power consumption, and being applicable to different environments, so it is widely used in different levels. Capacitive fingerprint recognition is widely applied on notebooks, smartphones, and tablets currently, and it is the prevailing standard configuration for all smartphones.

   B. Optical Fingerprint Recognition

      Optical fingerprint sensors were developed much earlier than capacitive fingerprint sensors. The optical lens is used to focus the reflected light from the fingerprint, and then relies on the CMOS and the lens to sense the fingerprint image and record the fingerprint characteristics. Since this technology has the advantages of being a low cost, mature technology with a complete supply chain, in addition to the feature of not having to split the module and letting the supplier take full control of the hardware and software, it is used in a large number of scenarios such as airport clearance, corporate attendance access control, and smartphone screens.

      The optical fingerprint solution is similar to a camera in that the image is captured through a CMOS image sensor, and as each person's fingerprints are different, the brightness of the image varies from person to person, resulting in different fingerprint pictures. At present, the industry has widely adopted under-screen optical fingerprint recognition in high-end models, such as Samsung, Huawei, Honor, Motorola, OnePlus, OPPO, RealMe, Vivo, Xiaomi (including Redmi), etc. Many models choose to have fingerprint and facial recognition functions at the same time, and even use fingerprint sensing back again. It features high cost performance with fingerprint recognition functions taking account of user habits. Therefore, fingerprint recognition will become a standard accessory for identity authentication on mobile phones.

C. Time of Flight 3D Sensing Technology

Time of Flight (ToF) is an active depth sensing technology and ToF depth sensors are gradually being popularized in mobile phones. The advantages of ToF include long detection distance, fast scanning speed and good resistance to optical interference. Therefore, ToF technology will have a wider range of applications than structured light technology in the future. Many mobile phone brands on the market are now incorporating ToF technology. For example, Samsung, LG, Vivo, OPPO and Honor.

The Company has been engaging in the research and development of ToF technology since the end of 2019 and expects to accurately apply the technology in handheld devices, Lidar for self-driving cars, and IOT, etc. The Company has experience in developing high-sensitivity single photon avalanche diode (SPAD) technology and direct time of flight (dToF) module in 2020 and 2021, and combines this with its many years of experience in the development of optical fingerprint recognition solutions and light sensor technology.

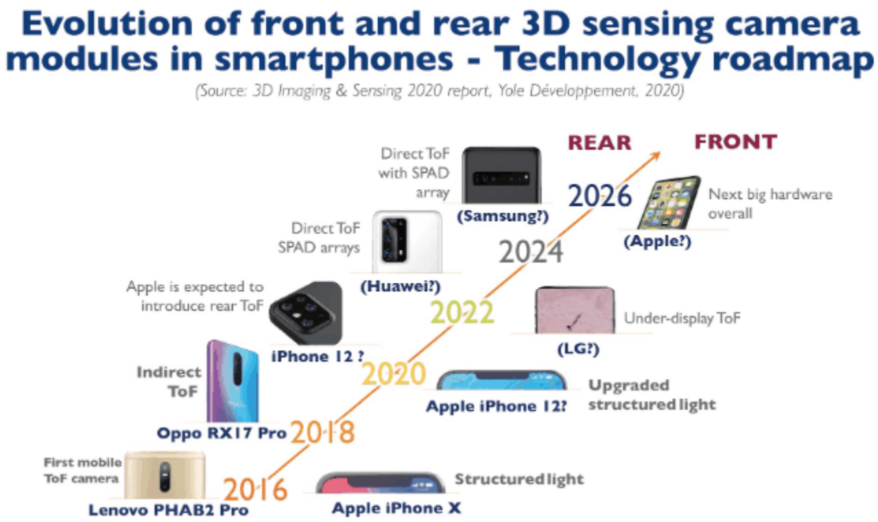
Table 1: Comparison of Optical 3D Sensing Technologies

3D Sensing Technology	Light Coding	Structured Light	Time of Flight	Stereo Vision
Detection range	20cm–5m	10cm–2m	20cm–5m	1–10m (adjusted according to baseline)
Resolution	High	High	High	Medium
Measurement precision	Medium	Extremely high	High	Moderate-to-low
Algorithm complexity	Low	Medium	Low	High
Real-time	High	Low	High	Medium
Low-light performance	Good	Good	Good	Poor
Outdoor performance	Poor	Poor	Poor – Good	Good
Material cost	Medium	High	Medium	Low

(Information source: EE Times Taiwan, ITRI)

(Information source: EE Times Taiwan, ITRI)

Apart from the smartphone market, ToF camera modules still have broad application markets. With VR/AR development, AR/VR with long-distance 3D ranging needs is one of the functions that best embody ToF advantages. According to the survey organization IDC, the total global investment in augmented reality (AR) and virtual reality (VR) in 2021 was close to USD 12.54 billion, and is expected to increase to USD 50.88 billion in 2026, with a 5-year compound annual growth rate (CAGR) of 32.3%. Devices and robots powered by artificial intelligence (AI) are beginning to understand their surroundings better and are developing deeper human-computer interactions.



(Source: Yole Development)

The Company will introduce this technology into notebooks and televisions in line with the energy-saving and carbon emission reduction trend. When no one is watching, energy-saving adjustments will be made to the display; Lidar will be used in advanced driver assistance systems (ADAS) in the automotive market. The Company will also invest considerable resources to attain a vehicle distance error of 1% ToF; for example, the error will not exceed 10 cm for the length of two cars, including the distance between them (10 meters).

D. AI Chip

The Company participated in the AI on Chip Research and Development Program "Reconfigurable Analog AI Chip Prospective Technology Research and Development Program" subsidized by the Ministry of Economic Affairs in 2019 and released the world's first large-area fingerprint recognition analog AI chip in 2022. This chip aims for a world-class standard of 5 trillion floating-point operations per second per watt (5 TOPS/W), continuing to develop advanced technologies and products. This analog AI technology is expected to be widely used in mobile device recognition systems, automotive DMS and self-driving, safety monitoring, security system, IoT (Internet of Things) and other fields, to create more and more cost-effective new AI applications. This analog AI chip can also be used in under-screen large-area optical fingerprint recognition system applications, which can effectively solve the bottleneck of current fingerprint unlocking technology and improve security. In addition to mobile phones, it can also be used in vehicles, and information security.

Analog AI can also be applied to keyword spotting in voice recognition. According to Grand View Research's research, it is expected to have a CAGR of 15.3% from 2022 to 2030, with investment amounting to USD 53.66 billion in 2030. Convenience and low energy consumption are key elements of voice recognition devices. Therefore, the Company will apply the low energy consumption features of analog AI to voice recognition chips. Analog signals do not have to be converted into digital signals when analog AI technology is applied in voice processing. Analog AI technology can directly transform analog signals into time spectrum through Fast Fourier Transform (FFT), the image features in the time spectrum are used to determine whether keywords were said, and the digital signal processor is activated based on the situation to determine the semantics, which greatly saves the power required for a smart speaker or wearable device.

E. Smart Car Application Field

In 2019, the Company partnered with South Korean car manufacturer Hyundai to apply fingerprint recognition technology to the world's first fingerprint-based 2019 Santa Fe SUV and Genesis Essentia electric concept car. Drivers can now open the doors and start the engine of the Santa Fe SUV without using a key; by touching any biometric recognition sensor in the car, the in-car system automatically adjusts the seat position, rearview mirror and so on to the preset position based on the owner's settings.

Essentia features lift-up "butterfly doors" unlocked by fingerprint and face recognition. The doors are unlocked and opened using fingerprint and face recognition via a sensor camera mounted in the B-pillar. Fingerprint recognition actually improves safety and its efficiency is five times that of traditional chip keys; it only has a 1 in 50,000 chance of misrecognition. This application will also attract other international automakers to subsequently initiate collaborative relationships with our company. In 2021, the continued launch of the new all-electric SUV Genesis GV60, featuring applications of fingerprint and facial recognition unlocking, provides users with enhanced security and user experience.

F. Machine Vision and Image Processing Field

Vision sensing technology is currently a key trend of market development and needs to be incorporated into self-driving, monitoring, AR/VR, smart homes and other Internet of things devices. Hence, vision sensing technology will become one of the key items for new product development in the future. Generally, CMOS Image Sensor (CIS), Image Signal Processor (ISP), Neural network Processing Unit (NPU) and AI algorithms needs to be incorporated for vision sensing. According to the research firm Yole Development, the global sales of CMOS image sensors in 2022 were approximately USD 21.3 billion. These sensors are used in a wide range of applications including smartphones, smart cockpit driver and passenger monitoring, PCs/notebooks, and security. The demand for CMOS image sensor products is expected to remain strong, with a CAGR of 5.1% from 2022 to 2028. The global market size is projected to expand to USD 29 billion by 2028.

Dynamic vision sensors will first be applied in notebook camera lens sensing to meet the always-on energy-saving needs of notebooks. By only sensing and transmitting variable data, when the camera lens senses variable data, data is transmitted to the back end for AI computing, which greatly reduces the power consumption and computing needs of the AI chip.

Together with its investees, the Company plans to develop Dynamic Vision Sensors (DVSs). The advantages of this technology differ from that of general image sensors; DVSs only sense variable data, which greatly reduces the amount of information, so an advanced process ISP is not required and can be replaced with a mature process ISP, which has the advantages of saving costs, reducing power consumption, and having fast computing. It can be applied in notebooks, Driver Monitoring Systems (DMS) and Occupant Monitoring Systems (OMSs), etc.

The rapid development of Advanced Driver Assistant System (ADAS) technology has driven the development of automotive vision solutions and automotive peer-to-peer transmission technology. At present, automotive manufacturers are actively introducing multiple lenses to improve the safety of self-driving cars; MIPI-A-PHY is required for information and data transfer between lens sensors and electronic control units (ECU). The number of vehicle lens worldwide is expected to reach 470 million in 2025, which is equivalent to the total global number of MIPI-A-PHY. Together with its investees, the Company will launch MIPI-A-PHY chips and since the Company has previously entered the Korean vehicle market with fingerprint and facial recognition, it will have an edge in penetrating Hyundai Motor Company. Hence, it is expected to have great potential for growth in the future.

4. Competitive Situation

The Company and Chinese manufacturer, Goodix Technology of Shenzhen are currently the main fingerprint recognition sensing suppliers. With different fingerprint recognition solutions, market backgrounds, and different barriers to entry, as compared to new competitors, the development experience and customer channels accumulated by mainstream suppliers over the years are more conducive to the success of new products in the future.

In 2024, the overall economy still faces challenges, with weak recovery in smartphone demand amidst intense global competition. Under high inflationary pressures and interest rate hikes, the overall economy and consumer purchasing confidence are affected, resulting in high inventory and low buying sentiment. Apart from optimizing existing products, the Company is also actively pushing forward transformation, dedicated to the development of new products and new applications, and expanding non-fingerprint recognition chip business and non-phone market applications. The Company will further integrate and leverage invested products to improve product development speed and application, customer loyalty, and create a more diversified product strategy, so as to accelerate its revenue growth and profitability.

(III) Technology and Research and Development Highlights

1. Cost of Research and Development in the Last Two Years

Unit: NTD ’000

Fiscal Year	2022	2023
Cost of Research and Development	1,542,376	1,558,658
Net Acquisition Revenue	3,289,300	3,848,595
As a Percentage of Net Acquisition Revenue (%)	47%	40%

2. Technologies or products successfully developed in the latest fiscal year and as of the date of publication

Fiscal Year	R&D achievements
2022	(1) Side capacitive fingerprint was revised to support 2.1mm packaging (2) Under-screen large-area TFT fingerprint sensor solution (3) Optical fingerprint AI matching algorithm was revised to improve performance and support more use scenarios (4) Optical 2.5D counterfeit-resistant algorithm was developed (5) Capacitive fingerprint AI matching algorithm was revised to support 2.1mm packaging (6) Capacitor 2.5D counterfeit-resistant algorithm was developed (7) Time of flight sensor chip 1x1 and 4x4 editions were developed (8) Ambient brightness and proximity sensor chip developed
2023	(1) ToF sensor chip module 1x1 was optimized (2) ToF sensor chip 8x8 was developed (3) MCU module of built-in fingerprint accelerator was optimized (4) Ambient brightness and proximity sensor chip was optimized (5) High-sensitivity ambient brightness and ambient light flicker sensor chip was developed (6) FPS low penetration screen application was developed (7) Sensor with improved FPS sensitivity was designed and developed (8) Sensors with smaller FPS sensing area were mass produced
2024	(1) Development of Gen 2 ToF (Time of Flight) 8x8 chip and module (2) Development of Gen 3 ToF chip platform (3) Fingerprint module supports adaptive IO 1.2V/1.8V design (4) Development of optical fingerprint pixel binning application (5) Development of FPS (Fingerprint Sensor) chip encryption application (6) Development of MCU+CIS+2P lens fingerprint reading application (7) Development of FPS ultra-fast unlocking application (8) Development of FPS low light spot scene application (9) SPAD fingerprint architecture development (10) Development of capacitive swivel brushing application

The Company is committed to the self-development of fingerprint recognition related application technologies, has fully grasped the key technologies and actively applies for patent protection. As of March 31, 2024, there were approximately 238 patent applications pending worldwide, with 412 patents granted across various countries.

(IV) Long-Term and Short-Term Business Development Plan

1. Short-term

(1) In hardware development:

The Company's fingerprint matching algorithm embedded with artificial intelligence technology has been used and consistently praised by hundreds of millions of mobile phone users for many years due to its wide market recognition. In order to maintain the confidentiality, integrity and security of the user's biometric recognition device, the biometric recognition device has been used in a Trusted Execution Environment (TEE) to perform key operations, including secure storage of fingerprint verification, PIN code input, confidential private keys for mobile payment, and isolates improper fingerprint collection, storage, verification processes in TEE; therefore even if the phone is jailbroken or rooted, the attacker still cannot obtain the user's fingerprint information. Due to this phenomenon, the TEE program software requires on-site labor force for testing support, and time for integration and debugging. Therefore, the Company will develop high-performance AI chips to strengthen existing hardware and software computing capabilities.

(2) In process improvement:

We work closely with the fab to find out the key to process parameter optimization through the use of big data analysis, machine learning, artificial intelligence and other technologies, to achieve goals such as reducing defects, improving process, error detection, reducing cost and shortening development cycle.

(3) In software development:

We use AI technology to strengthen anti-spoofing functions, and introduce a cyclic verification test environment to establish a more solid and secure foundation, and achieve more diverse applications.

2. Long-term

(1) Actively continue to invest in the innovation of artificial intelligence, launch competitive new products, optimize the existing product portfolio, enhance product competitiveness and added value, and maintain a leading position in the market.

(2) Establish a more comprehensive internal management system, enhance operational efficiency and effective external communication, co-develop related technology application platforms, and provide customers with diverse solutions through cooperation with invested companies, creating synergies and deep collaboration with these companies.

(3) Jointly develop various innovative biometric solutions with strategic partners, seizing business opportunities while reducing R&D risks.

(4) Integrate the product lines of invested companies and related enterprises, assist in penetrating brand clients through a composite sales model, enhance the influence on brand clients and markets, expand markets and marketing channels, and increase market share.

II. Market and Sales Overview

(I) Market Analysis

1. Sales (provided) Regions of the Company's Major Commodities (services)

Unit: NTD'000; %

Fiscal Year / Sales Region		2022		2023	
		Amount in Cash	Percentage (%)	Amount in Cash	Percentage (%)
Domestic Sales		297,417	9.04%	661,841	17.2%
Internatio	Asia	2,984,412	90.73%	3,181,755	82.7%

Sales Region \ Fiscal Year		2022		2023	
		Amount in Cash	Percentage (%)	Amount in Cash	Percentage (%)
nal Sales	Europe	-	-	-	-
	America	1,008	0.03%	283	0%
	Others	6,463	0.2%	4,716	0.1%
	Subtotal	2,991,883	90.96%	3,186,754	82.8%
Total		3,289,300	100%	3,848,595	100%

2. Market Share

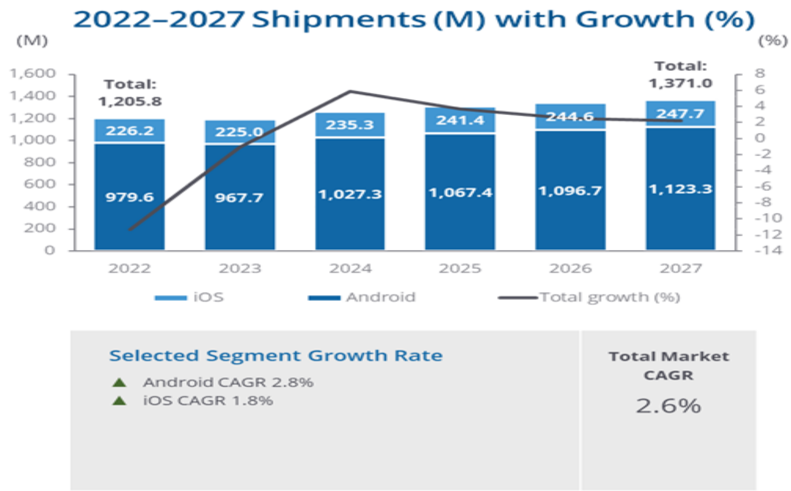
According to the research firm Omdia, in 2023, Apple ranked first in brand market share for the first time since 2010, taking the crown from Samsung, and reaching a historic high in market share. Samsung ranked second, followed by the Chinese brand Xiaomi in third place. The fourth and fifth places were held by OPPO and Transsion, respectively, with overall market share changes being minimal. Chinese brands Transsion and Huawei were the only two large manufacturers to show year-on-year growth. Low-tier Android manufacturers like Transsion and Xiaomi saw strong growth in the second half of 2023 due to rapid growth in emerging markets.

Rank	OEM	Y2023		Y2022		YoY
		Shipment	M/S	Shipment	M/S	
1	Apple	231	20%	231	19%	0.0%
2	Samsung	228	20%	259	21%	-11.8%
3	Xiaomi	147	13%	152	13%	-3.6%
4	Oppo Group	102	9%	108	9%	-5.0%
5	Transsion	95	8%	68	6%	39.1%
6	vivo	90	8%	98	8%	-7.7%
7	Honor	57	5%	59	5%	-2.6%
8	Motorola	45	4%	47	4%	-5.6%
9	Realme	42	4%	53	4%	-21.1%
10	Huawei	37	3%	28	2%	31.0%
	Others	92	8%	104	9%	-11.5%
	Total	**1,166**	**100%**	**1,207**	**100%**	**-3.4%**

Source: Omdia Global Smartphone Shipment Preliminary Result 4Q23 © 2023 Omdia

(Source: Omdia)

In terms of fingerprint recognition, according to IEK, the global market is expected to grow from USD 3 billion in 2020 to USD 6 billion in 2025. Among them, consumer product applications have become its largest market, because it has become the basic accessory of most mobile phones, with a penetration rate of more than 80%. Fingerprint solutions are mainly divided into capacitive fingerprint and optical (under-screen) fingerprint. Capacitive fingerprint is favored by customers because of its product stability, leading to a stable overall demand, and can be designed in most popular models. Optical (under-screen) fingerprint benefited from the introduction of mobile phone OLED panel, driving the growth of under-screen fingerprint penetration rate. The long-term forecasts of survey organization IDC are as follows: IDC expects the CAGR of Android phone shipment volume to reach 2.8% in the next 5 years, the global shipment volume to be 1.12 billion phones in 2027, while the CAGR of iPhone shipment volume to be 1.8% and the global shipment volume in 2027 to be 240 million phones.



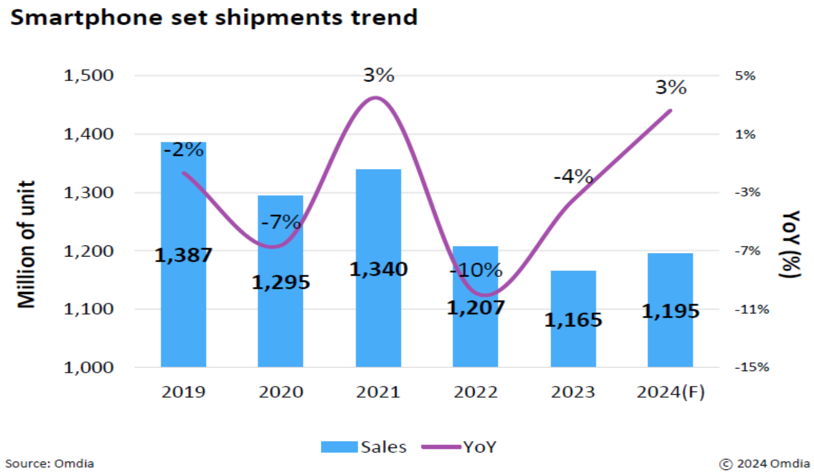
(Source: IDC)

Overall, as overall negative economic impact on the smartphone market abates, the market will return to the normal track as existing phones are replaced with 5G phones and low-price smartphones by feature phone users in emerging markets. Hence, the overall fingerprint recognition market still remains huge.

3. Future Supply and Demand and Growth of the Market

According to the research firm Omdia, the global shipment of smartphones in 2023 was 1.165 billion units, a 4% decline from 2022. The smartphone market is recovering from the turbulence of the past two years, currently showing slow but steady growth. It is expected to accelerate due to the ongoing trend of high-end features, particularly with the introduction of new smartphone forms and features such as foldable devices and AI-powered smartphones, which are expected to drive faster growth. AI-powered smartphones are becoming a trend, and edge computing, which has been developing for many years, previously did not flourish due to insufficient computing power. With breakthroughs in generative AI technology based on large language models (LLM), it is predicted that personal devices including computers, smartphones, and cars will become mobile carriers in the AI trend.

Although the global smartphone market is currently experiencing stable but slow growth, revenue growth is expected to accelerate due to the continuous trend toward high-end features, particularly with the introduction of new forms and features such as foldable devices and GenAI, which are likely to increase consumer spending. Revenue is expected to grow faster, with global smartphone shipments projected to reach about 1.2 billion units in 2024. Currently, over 10 smartphone OEMs have launched more than 30 models with GenAI features, and it is estimated that GenAI will account for 11% of the total smartphone shipments in 2024.



(Source: Omdia)

Global communication technology continues to evolve and upgrade, with 5G progressing toward large-scale commercialization. The high bandwidth, high speed, and low latency characteristics of 5G will aid long-term trends in cloud computing, connected cars, and smart networking, driving up hardware specifications and performance requirements of mobile devices, thereby propelling the evolution of terminal prices and the overall industry. As the penetration rate of 5G mobile phones increases, such phones gradually replace 4G mobile phones as the mainstream in developed countries, while this only occurs in high-end markets in developing countries.

As negative impacts such as the Russia–Ukraine conflict, interest rate hikes, and global inflation are expected to decrease year by year, coupled with the 5G replacement wave and the trend of feature phone users in emerging markets switching to low-priced smartphones, the market is expected to return to growth. With the gradual growth of emerging markets such as the Indian market and European market driving the growth of mobile phone demand and specifications, flip phones will become the future market highlight. As 5G-related technologies gradually mature and with deeper cross-industry cooperation, 5G has become the standard for the flagship mobile phones of all brands and 5G will start to be introduced into emerging markets.

The Company will continue to optimize the performance of capacitive sensor products, and expects to collect clearer fingerprint information with a smaller sensing area, improve recognition and 2.5D anti-counterfeit capability, and the products can be hidden within the keys of a mobile phone, in order to meet the current trend of mobile phone parts, i.e. fine but small in volume. Apart from mobile phone applications, fingerprint recognition will also be applied in notebook and automotive fields. An increasing number of notebooks have fingerprint recognition functions to unlock the computer and improve safety. Moreover, the Match on Chip scheme has better specifications than the traditional scheme, and can achieve the recognition effect without turning on the computer. It will become the growth momentum of the medium- and high-end Notebook market.

The fingerprint recognition industry involves the combination of hardware and software, and needs to capture clear images in an extremely short period of time, and overcome all kinds of situations that may occur in users' fingers, such as wet fingers and sensor noise etc. After capturing the image, the image has to be reconstructed. Then go through a series of analyses and calculations of fingerprints, and analyze and compare the characteristic values by using an algorithm. Therefore, the security and convenience of application must be taken into consideration. Therefore, cross-domain knowledge and skills are needed, and it is a high technical barrier and requires years of cumulative experience in the IC design industry. Since the inception of the Company, we have been committed to developing proprietary technologies. At the same time, we have accumulated over 500 patents to protect our intellectual property rights. As we have developed the technology over a long time and refined our algorithms, we are able to develop application end products that best suit customer needs in terms of security and convenience.

4. Competitive Niche

The Company has been dedicated to the field of fingerprint recognition for a long time. By leveraging our advantages in the field of biometric recognition technology, the biometric recognition chip production line will continue to evolve along with the process, and develop towards high-resolution, high-definition, and multiple specification chips. Moreover, AI deep learning will be further incorporated in terms of the algorithm and the application of biometric recognition in emerging applications of various industries will be expanded. The Company has completed the development of the high performance fingerprint independent computing chip and with the existing mini capacitive fingerprint chip, it will introduce fingerprint applications to the new generation of notebooks to improve safety, increase the market share of fingerprint recognition chip products and optimize existing product portfolios.

The Company will also invest in research and development of AI-based DMS to provide sensing of driving behavior, to prevent safety hazards and provide a better driving experience. By providing machine vision DVS sensors, we offer advantages in higher precision, lower power consumption, and reduced computational requirements, thereby providing better automotive safety control solutions. This AI application can also enhance the recognition and anti-counterfeiting capabilities of fingerprint recognition software.

Moreover, our company has also developed Time of Flight (ToF) ranging sensor technology and is actively developing chip solutions that offer cost advantages over existing market technologies, which will benefit customers in product application and accelerate time to market.

(1) Unique Passive Capacitive Sensing Technology

In the most important wafer design technology, the Company's design framework is unique, using passive capacitive sensing principles to design fingerprint recognition chip. Our competitors typically employ the active sensing principle, which requires such manufacturing processes as an external metallic ring, precise sequence control, and an internal protective shield. As a result, for the products of our competitors, the cost is higher, and the noise is stronger and the power consumption is greater compared with the products of our Company. As for the Company's unique passive capacitive sensing technology, the chip designed with this technology does not require the aforementioned manufacturing processes and thus has a simpler structure. There is no need for any special manufacturing processes, and the module structure is simple. The chip can achieve the goal of accurate fingerprint recognition, and this is matched with its smaller size, lower power consumption with lowered costs.

(2) Autonomous Algorithm Technology

Capturing fingerprints accurately is only one part of fingerprint recognition. After the front-end fingerprint sensor captures the image of a fingerprint, the algorithms will then process the fingerprint image and extract the fingerprint minutiae. The system then converts the captured fingerprint into a digital template, which is then compared with all of the fingerprint templates in the database in order to verify the correct identity of the user. In the past, the larger surface area of the sensors used on notebook computers allowed larger images of fingerprints to be captured, which made the comparison of fingerprints relatively easier. Today, the images of fingerprints captured are smaller due to the small surface area of the sensors on the smartphones. Hence, the algorithms used in the fingerprint recognition on smartphones have become critical in the determination of the size of the chips and the cost of producing the chips. The Company not only possesses the technology for manufacturing fingerprint sensors, but also has independently developed fingerprint recognition algorithms which have passed strict test conditions. We have also integrated the relevant technologies for fingerprint extraction and unique integrated fingerprint algorithms.

The Company's algorithm is flexible and customizable according to different environments, and has the features of low memory consumption and savings on operating resources. Besides fulfilling the requirement of secure operations on mobile devices and in embedded equipment, it has the potential of porting over to smartcards and secure chips. Due to the fact that we have a fingerprint recognition algorithm for small surface areas, the Company does not have to give a percentage cut to algorithm providers. Thus, in terms of price competitiveness, there is room for price flexibility and negotiation.

(3) Over a hundred patents in fingerprint recognition for upstream and downstream

The Company has been committed to the research and development of technologies related to capacitive fingerprint recognition sensor chips since its establishment in 2007 and has accumulated over 500 patents worldwide. These patents include the design and packaging technology of chips, image extraction, algorithm for image reconstruction and comparison, firmware, tools for hardware and software development, identification comparison functions, software applications, mobile payments, compatible software for electronic commerce, security control, data encryption etc.

As fingerprint recognition in smartphone applications has been predicted to undergo a rapid and flourishing development, patent rights protection becomes an important factor in the development of this particular industry. The development and protection of Intellectual Property (IP) is a useful tool for maintaining the competitiveness of the Company's products and technologies, especially when facing the strong competition from competitors worldwide. Major brands worldwide value the importance of patent rights protection. They have to ensure that all hardware and software used in brand products do not constitute an infringement of patent rights before proceeding with procurement. Thus, it is an important niche market for the Company, which possesses over a hundred patents that cover the upstream and downstream of fingerprint recognition.

(4) Experience in Application Development and System Integration

The Company has not only provided chips and algorithms in the past, but also provided companies with application development services like: file encryption and decryption, system logins, fingerprint capturing, Website logins etc. The Company's application development has been highly recognized by customers, and even the Company's competitors have used our software applications in the past. In the earlier days, competitors like AuthenTec (acquired by Apple), UPEK (acquired by AuthenTec) and Validity (acquired by Synaptics) outsourced for the fingerprint application software that the Company designed and developed. The Company previously also supplied the software to notebook computer companies, and it has accumulated experience in the integration of hardware and software platforms as well as the ability to provide instant technical support, providing customers with a complete solution in terms of product development. The flexibility in product development and technical support of the Company is superior as compared to our competitors.

5. Advantages and Disadvantages in the Company's Prospect, and Contingency Measures

(1) Advantageous Factors

A. Diversification of Applications, Promising Future of the Industry

The application of biometric recognition is not only a security-grade anti-counterfeiting mechanism at the high security level, but the application of biometrics can also be used as a protection function for personal privacy, such as: password management of various accounts, database management, mailbox management, etc. of personal electronic devices. Furthermore, the uniqueness of biometric recognition enables the introduction of various types of consumer electronic products, providing individuals with fast and convenient personal management functions for their daily lives. These include: all devices that provide for personal needs such as wearable devices, access control, vehicle anti-theft devices and smart TV, etc. In addition to smartphones, fingerprint recognition is a huge opportunity for multiple applications in mobile devices, mobile payments, automotive electronics and financial smart cards and so on.

B. Fingerprint recognition technology has patent restrictions, thus there are high barriers to entry.

As the time taken to train an IC design talent is relatively long, the research and development of a product requires a long-term accumulation of experiences. Furthermore, fingerprint recognition ICs have to capture clear images in an extremely short period of time, and overcome all kinds of situations that may be caused by users' fingers in daily use, such as wet fingers and sensor noise, etc. After capturing the image, the image has to be rearranged and go through a series of analysis and calculations, where the image will then be compared with the analyzed finger characteristic values using an algorithm. As a result, security and convenience are particularly important in applications. Therefore, cross-domain knowledge and skills are needed, and it is a high technical barrier and requires years of cumulative experience in the IC design industry. The Company was established in 2007 and has acquired key technology and patents related to fingerprint recognition through its own development and acquisition. It has not only equipped itself with advanced development technologies and expertise in upstream chip design and production, but has also empowered itself with the ability for self-development of algorithms, as well as hardware and software application development and system integration capabilities due to its long-term accumulative shipment experience in personal computer market. This enables the Company to provide a full range of products and services for different needs of customers, including those in the upstream, middle and downstream sectors.

C. Exclusive Analog Artificial Intelligence (AI) Chip

The analog AI chip is designed with analog circuitry, and the area can be effectively reduced thanks to new process improvement. Compared with the digital circuitry design, there is a multiplier difference in area between the two, the power consumption is expected to be lower, and it can be produced using a lower-order manufacturing process.

In addition, the analog AI and sensors can be integrated on the same chip, and the complex computation results can be reported immediately after processing, which can significantly reduce the burden and transmission volume of the main system, and is a low cost, low power, high performance, and strong anti-counterfeiting product. This analog AI chip is expected to be widely used in mobile device recognition systems, driver monitoring system (DMS), automatic driving, security surveillance, the Internet of Things and other fields, to add more cost-effective new AI applications.

(2) Disadvantageous Factors

A. Uncertainties and Variables in Global Consumer Electronic Markets

Global markets are disrupted by macroeconomic factors such as high inflation, geopolitical risks, and the Russia–Ukraine conflict, along with supply chain inventory adjustments, adding more instability to the end markets.

Contingency Measures:

The Company quickly adjusted its business strategy based on macroenvironment changes, diversifying risks and performing proper inventory and production capacity management, continuing to optimize product portfolios and cost control and management, working closely with customers, improving customer loyalty, and creating more diversified product strategies of the Company, that can accelerate its operating revenue growth and profitability.

B. Intense Market Competition and Short Product Cycle

High-tech industries face quick changes, new products emerge rapidly and the continuous integration of the semiconductor industry has resulted in the flow of talents.

Contingency Measures:

The Company will continue to invest in new product research and development and launch new products in a timely manner with market trends in mind, and grasp market opportunities. It will further optimize existing products and perform more effective and comprehensive integration to increase the value added of new products, while working with investees to provide more diversified solutions for customers, and become a trustworthy and reliable partner to customers. It will also continue to recruit research and development talents to improve product development speed and application, in order to create long-term stable value for the Company.

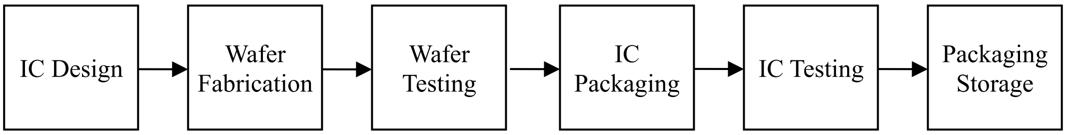
(II) Product Manufacturing Process and Important Uses of Primary Products

1. Important Uses of Main Products

Main Products	Main Function and Uses
Biometric Recognition Sensing IC and Its Applications	Optical Fingerprint Recognition Sensor Chip and Fingerprint Recognition Software Applications
Revenue from Technical Services	Provision of technical support services, including technical services like software testing and the development of sensor chips

2. Manufacturing Process of Main Products

The Company is a design company for fingerprint recognition ICs and its solutions. The plant is commissioned to manufacture the wafers and the wafers produced by the plant will be sent to the packing and testing factories for packaging and testing, and then stored for sale. The product manufacturing process is as follows: besides the research and development of software, planning and scheduling of the design is based on the orders given, so it does not have its own product line, and hence, there is no manufacturing process.



(III) Supply of the Primary Raw Materials

Wafers are the major raw materials of the Company's products, and the main supplier of wafers is company A, which possesses a considerable standard in terms of their quality and manufacturing capacity. The supply quantity and level of accommodation are compatible with the Company's demands and expectations. The Company will discuss the price with the supplier based on the demand and supply in the market, and regularly examine the product quality and service conditions. The supplier will provide technical services. Additionally, in response to diverse market demands, we continue to maintain close cooperation with suppliers and are expanding our wafer sources. The introduction of non-Taiwanese foundries is also being progressively completed through strategic investments. The supply of goods from wafer OEMs must be reliable, and the quality of goods supplied, process capabilities, and cooperation must be ensured to meet the Company's developmental needs.

(IV) Names of customers who contributed to more than 10% of total purchase (or sales) amount in one of the most recent two years, and the corresponding purchase (or sales) amounts and percentages, as well as reasons for their changes

1. Names of companies which contributed to more than 10% of total purchase amount in one of the most recent two years, and the corresponding purchase amounts and percentages, as well as reasons for their changes

Unit: NTD'000; %

Item	2022				2023			
	Name	Amount in Cash	As a Percentage of Net Purchases (%)	Relationship with Issuer	Name	Amount in Cash	As a Percentage of Net Purchases (%)	Relationship with Issuer
1	Company A	279,717	12.29	Nil	Company A	326,550	20.20	Nil
2	Company B	726,472	31.92	Nil	Company B	264,969	16.39	Nil
3	Company C	250,685	11.01	Nil	Company C	226,667	14.02	Nil
4	Company D	-	-		Company D	194,930	12.06	Nil
5	Company E	813,667	35.75	Nil	Company E	84,702	5.24	Nil
	Others	205,546	9.03	Nil	Others	518,898	32.09	Nil
	Purchases Net Amount	2,276,087	100.00	-	Purchases Net Amount	1,616,716	100.00	-

Explanation of Changes: The change in the proportion of purchases in the past two years for our company is mainly due to the merger with Ankuo and a decline in market demand, along with adjustments to inventory in response to customer order pulling.

2. Names of customers who contributed to more than 10% of total sales amount in one of the most recent two years, and the corresponding sales amounts and percentages, as well as reasons for their changes

Unit: NTD'000; %

Item	2022				2023			
	Name	Amount in Cash	As a Percentage of Net Sales (%)	Relationship with Issuer	Name	Amount in Cash	As a Percentage of Net Sales (%)	Relationship with Issuer
1	Company A	795,414	24.18	Nil	Company A	563,624	14.64	Nil
2	Company B	605,287	18.40	Nil	Company B	395,501	10.28	Nil
3	Company C	128,587	3.91	Nil	Company C	387,540	10.07	Nil
4	Company D	441,611	13.43	Nil	Company D	339,532	8.82	Nil
5	Company E	437,883	13.31	Nil	Company E	212,236	5.51	Nil
	Others	880,518	26.77	Nil	Others	1,950,162	50.68	Nil
	Sales Net Amount	3,289,300	100.00	-	Sales Net Amount	3,848,595	100.00	-

Reasons for Increase and Decrease: The changes in the proportion of purchases of the Company in the past two years were mainly due to acquisition of Alcor and adjustment of categories of products purchased according to market demand.

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

Unit: PCS; NTD '000

Year / Production volume value / Primary Product		2022			2023		
		Capacity	Output	Value	Capacity	Output	Value
Biometric Recognition Sensing IC and Its Applications	IC and Application Devices	Note 1	125,731,047	1,915,256	Note 1	44,852,216	712,482
	Software Application	Note 2	Note 2	Note 2	Note 2	Note 2	Note 2
Data Security and Protection and Its Applications		Note 2	Note 2	Note 2	Note 2	Note 2	Note 2
Technical Services		Note 2	Note 2	Note 2	Note 2	Note 2	Note 2
Peripheral and Control ICs for Information and Consumer Products		Note 1	64,943,037	359,700	Note 1	151,726,517	897,678
Wireless Audio Control ICs		Note 1	1,698,914	71,523	Note 1	2,049,000	103,269
NRE design service (piece)		Note 2	-	-	Note 2	21	137,984
ASIC wafer products (pieces)		Note 1	-	-	Note 1	719	56,946
Total			192,372,998	2,346,479		198,628,473	1,908,359

Note 1: The Company's main business activity is IC design, and it has commissioned the plant to manufacture the wafer, as well as outsourced the packaging and testing jobs. Thus, this is not applicable.

Note 2: This is a software application project and thus, it is not applicable.

Analysis and description of changes in production volume and value: The main reason is the merger of Angola and the decline in market demand, resulting in a significant decrease in sales.

(VI) Sales Quantity and Values in the Recent Two Years

Unit: PCS; NTD ’000

Year / Sales Value / Primary Product		2022				2023			
		Domestic Sales		International Sales		Domestic Sales		International Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Biometric Recognition Sensing IC and Its Applications	IC and Application Devices	100	3	121,255,875	2,474,221	549	113	80,341,120	1,806,667
	Software Application	Note 1	-	Note 1	1,343	Note 1	-	Note 1	3,005
Technical Services		Note 1	849	Note 1	3,226	Note 1		Note 1	
Peripheral and Control ICs for Information and Consumer Products		14,127,903	225,653	55,131,064	403,989	33,244,408	467,561	124,736,303	1,063,908
Wireless Audio Control ICs		1,038,659	70,729	1,058,875	81,576	2,072,000	170,161	549,000	49,232
NRE design service (piece)						4	14,224	16	152,156
ASIC wafer products (pieces)								525	62,332
Technology Royalties							469		
Others		6,500	183	993,621	27,528	37,347	9,312	1,726,730	49,455
Total		15,173,162	297,417	178,439,435	2,991,883	35,354,308	661,841	207,353,694	3,186,754

Note 1: This is a software application project and thus, it is not applicable.

Analysis and Explanation of the Changes in Sales Quantity and Value: Mainly due to the acquisition of Alcor and adjustment of sales according to market demand.

III. Information on the number of employees, average years of service, average age, and educational background distribution ratio for the last two years and up to the date of publication of the annual report.

Fiscal Year		2022	2023	As of March 31, 2024
Number of Employees	Direct	-	-	-
	Indirect	312	251	247
	Total	312	251	247
Average Age		36.24	38.88	39.93
Average Length of Service (Years)		2.53	3.88	4.46
Education Level Ratio (%)	PhD	3.21%	2.79%	3.24%
	Postgraduate	48.40%	45.42%	44.94%
	University and Diploma	46.79%	51.00%	51.01%
	Diploma and below	1.60%	0.80%	0.81%
	Total	100.00%	100.00%	100.00%

IV. Environmental Expenditure Information

Total Losses (Including Damages) and Fines for Environmental Pollution in the Current Fiscal Year Up to the Date of Publication of the Annual Report, Explanation of Future Contingency Policies (including the improvement of measures) and Possible Payments (including the possible losses, fines, and damages incurred for failure to adopt the contingency policies; an explanation should be provided should a reasonable estimation cannot be given): The Company is an IC design company, and thus is not involved in environmental pollution.

V. Labor/management relations

(I) List of various employee benefits, further education, training, retirement scheme, and other implementation situations, as well as labor-management agreements and various protective measures for employee rights

1. Employee welfare measures and implementation status

The Company's benefits can be categorized into benefit provided by the Company and benefit provided by the Employee Welfare Committee:

Benefits Provided by the Company:

(1) Handle labor insurance, national health insurance, and labor pension contributions according to law.

(2) The company fully pays for employee group insurance, including life insurance, accident insurance, medical insurance, cancer insurance, and business travel insurance.

(3) Annual health check-ups, overtime dinners, departmental dinners, and year-end banquets.

(4) Competitive salary payments, including year-end bonuses, performance bonuses, project bonuses, patent bonuses, and travel expense subsidies.

Benefits Provided by the Employee Welfare Committee:

(1) Year-end banquet raffle.

(2) Employee travel, festival celebration activities.

(3) Festival bonuses, gifts, and birthday bonuses.

(4) Subsidies for weddings and funerals.

2. Employee continuing education and training.

The Company provides diverse training courses and arrangements for education training, to improve the professional skills and core competitiveness of the employees so that they are able to perform their functions, increase work productivity, and ensure work quality in the achievement of the Company's goals of sustainable operations and development.

The contents of the training courses include the training of new employees, professional skills training, management development training, and the general training etc. By providing employees with opportunities for education and development through various ways of internal and external training and self-learning, colleagues will be able to constantly fulfill and gain new knowledge, and unleash their inner potential.

3. Retirement system and implementation status.

The Company adopts the new scheme in compliance with the Labor Pension Act, where 6% of the monthly salary will be allocated to the pension account; relevant retirement matters will be handled in compliance with the Labor Pension Act.

4. Labor–management coordination situation.

The Regulations set by the Company is compliance with the Labor Standards Act. The Company values its employees' opinions and thus adopts an open and two-way communication approach. This provides a channel for smooth internal communication within the Company, in the hope that the employees and the management can maintain good and harmonious relations.

5. Employee Rights Protection Measures

The Company has formulated relevant management regulations and systems which clearly state employees' rights and obligations, as well as benefits. The Company will examine and modify the contents of the benefits regularly, that can protect the rights and interests of all the employees.

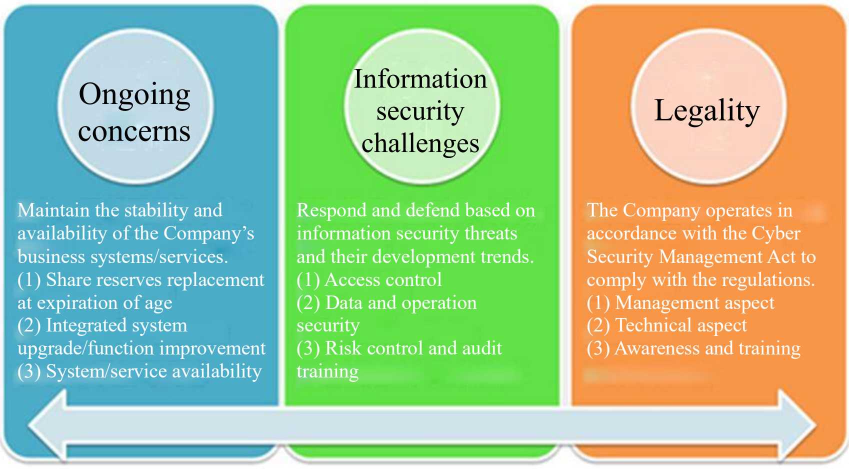
(II) Losses Incurred by the Company as a Result of Labor Disputes in the Current Fiscal Year Up to the Date of Publication of the Annual Report, and Disclose an Estimate of Losses Incurred to Date or Likely to be Incurred in the Future, and the Contingency Measures. An Explanation Should be Provided Should a Reasonable Estimation Cannot be Given: No such situation.

VI. Cyber security management

(I) The Company's Information and Communication Security Risk Management Architecture, Information Security Policies, Specific Management Plans, and Resources Invested in Information Security Management

1. Information and communication security risk management architecture:

   The Company has "information and communication security management measures" in place to protect hardware, software and archives in order to meet confidentiality, integrity, availability and legal compliance requirements. And it has gradually improved the management measures based on ongoing concerns, information security challenges and legality, which are used as the foundation of information security architecture.



2. Information and communication security policy

   A. The IT Department is responsible for the coordination and promotion of information security management related matters.

      The information department shall gather the relevant units, including the legal, human resource, audit, and research and development units, for discussion on risk assessment or specific topics if necessary.

   B. The Company's personnel should comply with the company's information and confidentiality security standards.

   C. The Company's suppliers, subcontractors, and outsourced service providers should adhere to The Company's information security standards as stipulated.

   D. Upon discovery of a cybersecurity incident, it should be reported to the cybersecurity contact person.

   E. Any behavior that jeopardizes information security will be subject to civil, criminal, and administrative responsibilities depending on the severity of the situation, or dealt with according to the Company's relevant regulations.

3. Specific management schemes and resources invested in information and communication security management

   A. Outsourced professional computer information vendors undertake maintenance services.

B. Network and computer system security management.
C. System access control, development, and maintenance of security management.
D. Information asset security management.
E. Installation of network firewalls, antivirus software, and setting access permissions for folders.
F. Regular vulnerability scans of The Company's computer equipment, network devices, and servers.
G. Important information systems are set up for regular backups and disaster recovery drills.
H. Regularly conduct social engineering drills and, based on the results, implement cybersecurity education and training for employees to enhance their awareness of such hacker threats.

(II) Major information and communication security incidents

It is required to list the losses suffered due to major information and communication security incidents in the latest fiscal year and as of the date of this annual report, and its possible impacts and countermeasures: Nil.

VII. Important contracts

List of all marketing contracts, technical assistance agreements, engineering agreements, long-term loan agreements and any other important contracts that will affect the shareholders' equity, which are still valid up to the date of publication of the annual report and that has expired in the current fiscal year; list the parties involved, main content, terms and conditions, and the date of the subscription agreement:

Nature of Contract	Parties Involved	Date of the Subscription Agreement	Main Content	Terms and Conditions
Authorization	Company E	From January 2015	Software Authorization	Nil
Authorization	Company F	From January 2015	Software Authorization	Nil
Manufacturing Process Outsourcing Contract	Company H	From August 2015	Manufacturing Process Outsourcing	Nil
Long-term Rental	Company X	January 2021–March 2025	Rental of Office	Nil
Authorization	ITRI	September 2021 - August 2025	Technology Development & Authorization	Nil
Long-term Rental	Chen ○Ying	February 2022–February 2027	Rental of Office	Nil
Authorization	Company K	June 2023–June 2026	Software Authorization	Nil
Authorization	Company L	August 2023–August 2026	Software Authorization	Nil

Six. Financial overview

I. Concise Balance Sheets and Comprehensive Income Statements for the Last Five Years

1. Concise Financial Data for the Last Five Years

(1) Consolidated Concise Balance Sheet – International Financial Reporting Standards (IFRS)

Unit: NTD ’000

Item \ Fiscal Year		Financial Information for the Last Five Fiscal Years					Year 2024 as of March 31
		2019	2020	2021	2022	2023	
Current assets		4,809,928	2,505,674	5,208,223	5,763,106	5,170,679	(Note 3)
Investments accounted for using equity method		41,058	46,034	1,444,578	1,771,707	1,388,262	
Property, plant and equipment		62,589	104,000	94,724	129,750	196,205	Not applicable.
Intangible assets		223,492	193,154	194,247	882,999	2,259,128	
Other assets		391,000	3,829,983	1,937,822	3,478,428	4,174,494	
Total Assets		5,528,067	6,678,845	8,879,594	12,025,990	13,188,768	
Current liabilities	Before distribution	2,646,112	870,720	1,646,811	2,878,305	3,422,789	
	After distribution	3,269,648	1,909,856	2,339,529	3,086,120	3,422,789	
Non-current liabilities		70,279	1,100,880	900,233	1,516,165	1,165,325	
Total	Before distribution	2,716,391	1,971,600	2,547,044	4,394,470	4,588,114	
	After distribution	3,339,927	3,010,736	3,239,762	4,602,285	4,588,114	
Equity attributable to owners of the parent company		2,803,045	4,683,324	6,320,415	3,999,750	3,971,327	
Share capital		713,878	713,758	692,718	692,718	742,718	
Capital reserves		1,040,153	1,057,960	968,659	1,005,857	1,340,854	
Retained earnings	Before distribution	1,384,383	1,363,161	4,734,406	3,158,904	2,361,445	
	After distribution	760,847	324,025	4,041,688	2,951,089	2,361,445	
Other equities		(86,608)	1,777,220	(75,368)	(857,729)	(473,690)	
Treasury stock		(248,761)	(228,775)	-	-	-	
Non-controlling interests		8,631	23,921	12,135	3,631,770	4,629,327	
Total equity	Before distribution	2,811,676	4,707,245	6,332,550	7,631,520	8,600,654	
	After distribution	2,188,140	3,668,109	5,639,832	7,423,705	8,600,654	

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

Note 2: The loss compensation plan for fiscal year 2023 is pending resolution at the shareholders’ meeting (decision made by the board on March 12, 2024, not to distribute dividends).

Note 3: Financial data for the first quarter of 2024, reviewed by the accountant, has not been issued as of the date the annual report was printed.

(2) Consolidated Concise Balance Sheet – Domestic Accounting Standards

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

(3) Individual Concise Balance Sheet – International Financial Reporting Standards

Unit: New Taiwan dollars in thousands

Item \ Fiscal Year		Financial Information for the Last Five Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		4,746,535	2,403,484	5,020,760	2,092,028	1,228,304
Investments accounted for using equity method		113,559	137,328	1,609,754	2,418,742	2,295,036
Property, plant and equipment		57,567	101,051	89,360	66,749	47,462
Intangible assets		194,630	167,921	182,358	229,235	454,468
Other assets		373,503	3,812,299	1,919,677	2,753,850	3,240,821
Total Assets		5,485,794	6,622,083	8,821,909	7,560,604	7,266,091
Current liabilities	Before distribution	2,620,762	846,439	1,611,839	2,206,308	2,441,219
	After distribution	3,244,298	1,885,575	2,304,557	2,414,123	2,441,219
Non-current liabilities		61,987	1,092,320	889,655	1,354,546	853,545
Total	Before distribution	2,682,749	1,938,759	2,501,494	3,560,854	3,294,764
	After distribution	3,306,285	2,977,895	3,194,212	3,768,669	3,294,764
Equity attributable to owners of the parent company		2,803,045	4,683,324	6,320,415	3,999,750	3,971,327
Share capital		713,878	713,758	692,718	692,718	742,718
Capital reserves		1,040,153	1,057,960	968,659	1,005,857	1,340,854
Retained earnings	Before distribution	1,384,383	1,363,161	4,734,406	3,158,904	2,361,445
	After distribution	760,847	324,025	4,041,688	2,951,089	2,361,445
Other equities		(86,608)	1,777,220	(75,368)	(857,729)	(473,690)
Treasury stock		(248,761)	(228,775)	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	2,803,045	4,683,324	6,320,415	3,999,750	3,971,327
	After distribution	2,179,509	3,644,188	5,627,697	3,791,935	3,971,327

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

Note 2: The loss compensation plan for fiscal year 2023 is pending resolution at the shareholders' meeting (decision made by the board on March 12, 2024, not to distribute dividends).

(4) Concise Individual Balance Sheet – Domestic Accounting Standards

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

2. Concise Comprehensive Income Statement

(1) Concise Consolidated Comprehensive Income Statement – International Financial Reporting Standards

Unit: NTD thousand

Item \ Fiscal Year	Financial Information for the Last Five Fiscal Years					Year 2024 as of March 31
	2019	2020	2021	2022	2023	
Operating revenue	7,358,441	6,224,427	3,442,807	3,289,300	3,848,595	(Note 2) Not applicable.
Gross profit from operations	3,137,307	2,690,953	1,369,894	1,162,364	1,175,630	
Operating profit and loss	1,102,652	850,627	(300,418)	(961,661)	(1,145,114)	
Non-operating income and expenses	(50,451)	(99,145)	(9,930)	30,594	61,678	
Pre-tax net profit (loss)	1,052,201	751,482	(310,348)	(931,067)	(1,083,436)	
Net profit from continuing operations	852,703	627,991	(231,774)	(902,338)	(1,003,459)	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) for the current period	852,703	627,991	(231,774)	(902,338)	(1,003,459)	
Other comprehensive income (net amount after tax) for the current period	(32,596)	1,828,376	2,900,589	(835,006)	569,270	
Total comprehensive income for the period	820,107	2,456,367	2,668,815	(1,737,344)	(434,189)	
Net profit attributable to owners of the parent company	862,681	632,559	(215,605)	(852,837)	(721,998)	
Net profit attributable to non-controlling interests	(9,978)	(4,568)	(16,169)	(49,501)	(281,461)	
Total comprehensive income attributable to owners of the parent company	830,085	2,460,935	2,684,984	(1,669,759)	(204,690)	
Total comprehensive income attributable to non-controlling interests	(9,978)	(4,568)	(16,169)	(67,585)	(229,499)	
Earnings per share	12.60	9.14	(3.11)	(12.31)	(9.97)	

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

Note 2: As of the publication date of the annual report, the CPA-reviewed financial information for the first quarter of 2024 has not been issued.

(2) Condensed consolidated statements of comprehensive income – R.O.C. Accounting Standards for Business Enterprises

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

(3) Condensed parent company only comprehensive income statement – IFRS

Unit: NTD thousand

Item \ Fiscal Year	Financial Information for the Last Five Fiscal Years				
	2019	2020	2021	2022	2023
Operating revenue	7,358,441	6,219,414	3,438,319	2,506,569	1,875,644
Gross profit from operations	3,137,307	2,685,941	1,365,359	821,465	509,936
Operating profit and loss	1,155,526	873,133	(219,228)	(739,561)	(588,769)
Non-operating income and expenses	(93,695)	(118,499)	(77,679)	(119,673)	(171,572)
Pre-tax net profit (loss)	1,061,831	754,634	(296,907)	(859,234)	(760,341)
Net profit from continuing operations	862,681	632,559	(215,605)	(852,837)	(721,998)
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the current period	862,681	632,559	(215,605)	(852,837)	(721,998)
Other comprehensive income (net amount after tax) for the current period	(32,596)	1,828,376	2,900,589	(816,922)	517,308
Total comprehensive income for the period	830,085	2,460,935	2,684,984	(1,669,759)	(204,690)
Earnings per share	12.60	9.14	(3.11)	(12.31)	(9.97)

Note 1: The financial information of the respective fiscal years has been audited and certified by the certified public accountants.

(4) Condensed individual comprehensive income statement – R.O.C. Accounting Standards for Business Enterprises

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

3. Names of CPAs and Audit Opinions in the Past Five Years

Fiscal Year	Name of Accounting Firm	Name of Certified Public Accountant Responsible for Certification Work	Opinion
2019	KPMG Taiwan	Steven Shih and Sonia Chang	Unqualified opinion
2020	KPMG Taiwan	Steven Shih and Sonia Chang	Unqualified opinion
2021	KPMG Taiwan	Steven Shih and Sonia Chang	Unqualified opinion and other matters
2022	PricewaterhouseCoopers (PwC) Taiwan	Pei-Chuan Huang, Chin-Chang Chen	Unqualified opinion and other matters
2023	PricewaterhouseCoopers (PwC) Taiwan	Pei-Chuan Huang, Chin-Chang Chen	Unqualified opinion and other matters

II. Financial Analysis for the Last Five Fiscal Years

(I) Financial analysis for the most recent 5 years – IFRS (consolidated)

Analysis Item \ Fiscal Year		Financial Analysis for the Last Five Fiscal Years					Year 2024 as of March 31
		2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets ratio	49.14	29.52	28.68	36.54	34.79	(Note 1)
	Permanent capital to property, plant and equipment ratio	4,604.57	5,584.74	7,635.64	7,050.24	4,977.44	Not applicable.
Solvency	Current ratio (%)	181.77	287.77	316.26	200.23	151.07	
	Quick ratio (%)	146.86	227.58	270.68	138.83	119.59	
	Interest coverage ratio	55.43	34.34	(20.72)	(26.96)	(17.08)	
Operational capability	Receivables turnover ratio (number of times)	15.37	19.24	7.55	5.42	6.79	
	Average collection period	24	19	48	67	54	
	Inventory turnover ratio (number of times)	6.40	6.16	4.19	1.90	2.16	
	Payables turnover ratio (number of times)	8.81	8.66	7.08	7.39	8.80	
	Average sales days of inventory	57	59	87	192	169	
	Property, plant and equipment turnover ratio (number of times)	144.25	74.73	34.65	29.31	23.61	
	Total assets turnover ratio (number of times)	1.50	1.02	0.44	0.31	0.31	
Profitability	Return on assets (%)	17.85	10.66	(2.62)	(8.38)	(7.58)	
	Return on equity (%)	33.16	16.83	(3.91)	(12.92)	(12.36)	
	Pre-tax profit to paid-in capital ratio (%)	147.39	105.29	(44.80)	(134.41)	(145.87)	
	Net profit	11.72	10.16	(6.26)	(27.43)	(26.07)	

Analysis Item \ Fiscal Year		Financial Analysis for the Last Five Fiscal Years					Year 2024 as of March 31
		2019	2020	2021	2022	2023	
	margin (%)						
	Earnings per share (NTD)	12.60	9.14	(3.11)	(12.31)	(9.97)	
Cash Flow	Cash flow ratio (%)	55.69	69.34	(44.83)	(60.69)	1.63	
	Cash flow adequacy ratio (%)	144.17	167.44	97.58	12.42	(9.97)	
	Cash reinvestment ratio (%)	31.09	(0.33)	(24.15)	(26.67)	(3.01)	
Degree of leverage	Degree of operating leverage	2.57	2.88	(4.03)	(0.97)	(0.74)	
	Degree of financial leverage	1.02	1.03	0.95	0.97	0.95	
	Comparison of 2023 financial ratios with 2022, with an increase or decrease of 20%: 1. Long-term capital to property, plant, and equipment ratio: Mainly due to the increase in the net amount of property, plant, and equipment this year. 2. Current ratio: Caused by working capital needs and increase in loans in the current period. 3. Interest coverage ratio: Due to an increase in operating capital needs and interest expenses this period. 4. Receivables turnover ratio: Due to the recovery in the IC design market, increased customer orders, and an increase in revenue scale. 5. Average collection days: Due to the recovery in the IC design market, increased customer orders, and an increase in revenue scale. 6. Cash flow ratio: Due to the recovery in the IC design market, increased customer orders, increased revenue scale, and increased cash flow; and the need for operating capital, which led to an increase in short-term borrowings and current liabilities this period. 7. Cash flow adequacy ratio: Due to the recovery in the IC design market, increased customer orders, increased revenue scale, and an increase in net cash flow from operating activities this period. 8. Cash reinvestment ratio: Due to the recovery in the IC design market, increased customer orders, increased revenue scale, and an increase in net cash flow from operating activities this period. 9. Operating leverage: Mainly due to the increase in net operating loss this period.						

Information source: The financial statements audited and certified by the certified public accountants.

Note 1: As of the date the annual report was printed, the financial data for the first quarter of the eleventh year, reviewed by the accountant, has not yet been issued.

The formulae for analysis are as follows：

1. Financial structure
   (1) Debt to assets ratio = Total debt / Total assets.
   (2) Long-term capital to property, plant, and equipment ratio = (Total equity + Non-current liabilities) / Net amount of property, plant, and equipment.
2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) Interest coverage ratio = Earnings before interest and tax expenses / Interest expenses this period.

3. Operational capability

(1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover ratio = Net sales / Average balance of receivables (including accounts receivable and notes receivable generated from operations) for each period.

(2) Average Collection Days = 365 / Receivables Turnover Ratio.

(3) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.

(4) Payables Turnover Ratio (including accounts payable and notes payable arising from operations) = Cost of Goods Sold / Average Balance of Payables (including accounts payable and notes payable arising from operations).

(5) Average Sales Days = 365 / Inventory Turnover Ratio.

(6) Property, Plant, and Equipment Turnover Ratio = Net Sales / Average Net Amount of Property, Plant, and Equipment.

(7) Total Asset Turnover Ratio = Net Sales / Average Total Assets.

4. Profitability

(1) Return on Assets = [Net Income After Tax + Interest Expense × (1 - Tax Rate)] / Average Total Assets.

(2) Return on Equity = Net Income After Tax / Average Total Equity.

(3) Net Profit Margin = Net Income After Tax / Net Sales.

(4) Earnings Per Share = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividends) / Weighted Average Number of Shares Outstanding.

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.

(2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities over the Past Five Years / (Capital Expenditures + Increase in Inventory + Cash Dividends over the Past Five Years).

(3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Amount of Property, Plant, and Equipment + Long-term Investments + Other Non-current Assets + Working Capital).

6. Leverage:

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income.

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expense).

(II) Financial Analysis for the Last Five Years – Domestic Accounting Standards (Consolidated)

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013 to prepare financial statements

(III) Financial Analysis for the Last Five Years – International Financial Reporting Standards (Individual)

Analysis Item	Fiscal Year	Financial Analysis for the Last Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Liabilities to assets ratio	48.90	29.28	28.36	47.10	45.34
	Permanent capital to property, plant and equipment ratio	4,976.87	5,715.57	8,068.57	8,021.54	10,165.76
Solvency	Current ratio (%)	181.11	283.95	311.49	94.82	50.32
	Quick ratio (%)	145.87	222.08	265.08	47.65	30.45
	Interest coverage ratio	57.43	34.81	(20.07)	(26.61)	(13.65)
Operational capability	Receivables turnover ratio (number of times)	15.37	19.34	7.57	5.37	7.04
	Average collection period	24	19	48	68	52
	Inventory turnover ratio (number of times)	6.40	6.16	4.19	2.18	2.24
	Payables turnover ratio (number of times)	8.81	8.66	7.08	8.37	14.61
	Average sales days of inventory	57	59	87	167	163
	Property, plant and equipment turnover ratio (number of times)	154.75	78.42	36.11	32.11	32.85
	Total assets turnover ratio (number of times)	1.50	1.03	0.45	0.31	0.25
Profitability	Return on assets (%)	17.93	10.74	(2.65)	(10.11)	(9.18)
	Return on equity (%)	33.21	16.9	(3.92)	(16.53)	(18.12)
	Pre-tax profit to paid-in capital ratio (%)	148.74	105.73	(42.86)	(124.04)	(102.37)
	Net profit margin (%)	11.72	10.17	(6.27)	(34.02)	(38.49)
	Earnings per share (NTD)	12.60	9.14	(3.11)	(12.31)	(9.97)
Cash Flow	Cash flow ratio (%)	57.27	73.12	(42.86)	(59.45)	2.20
	Cash flow adequacy ratio (%)	149.95	172.66	101.48	26.71	5.10
	Cash reinvestment ratio (%)	32.25	(0.08)	(23.60)	(38.11)	(3.26)
Degree of leverage	Degree of operating leverage	2.46	2.80	(5.50)	(0.97)	(0.76)
	Degree of financial leverage	1.02	1.03	0.94	0.96	0.92

Comparison of 2023 financial ratios with 2022, with an increase or decrease of 20%:

1. Long-term Capital to Property, Plant, and Equipment Ratio: Mainly due to a decrease in the net amount of property, plant, and equipment this year.
2. Current Ratio: Mainly due to a decrease in inventory and current assets this period.
3. Quick Ratio: Due to working capital needs, an increase in short-term borrowings and current liabilities this period.
4. Interest coverage ratio: Due to an increase in operating capital needs and interest expenses this period.
5. Receivables Turnover Ratio: Mainly due to a decrease in the average balance of accounts receivable.
6. Average Collection Days: Mainly due to a decrease in the average balance of accounts receivable.
7. Payables Turnover Ratio: Mainly due to an increase in the average balance of accounts payable.
8. Cash Flow Ratio: Increase in net cash flow from operating activities this period; and due to working capital needs, an increase in short-term borrowings and current liabilities this period.
9. Cash flow adequacy ratio: Mainly due to the decrease in net cash flow from operating activities in the past five years.
10. Cash reinvestment ratio: Due to the increase in net cash flow from operating activities in the current period.
11. Operating leverage: mainly due to the decrease in net operating loss in the current period.

Information source: The financial statements audited and certified by the certified public accountants.

The analysis formula is as follows：

1. Financial structure
   (1) Debt to assets ratio = Total debt / Total assets.
   (2) Long-term capital to property, plant, and equipment ratio = (Total equity + Non-current liabilities) / Net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and tax expenses / Interest expenses this period.
3. Operational capability
   (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover ratio = Net sales / Average balance of receivables (including accounts receivable and notes receivable generated from operations) for each period.
   (2) Average Collection Days = 365 / Receivables Turnover Ratio.
   (3) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory.
   (4) Payables Turnover Ratio (including accounts payable and notes payable arising from operations) = Cost of Goods Sold / Average Balance of Payables (including accounts payable and notes payable arising from operations).
   (5) Average Sales Days = 365 / Inventory Turnover Ratio.
   (6) Property, Plant, and Equipment Turnover Ratio = Net Sales / Average Net Amount of Property, Plant, and Equipment.
   (7) Total Asset Turnover Ratio = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on Assets = [Net Income After Tax + Interest Expense × (1 - Tax Rate)] / Average Total Assets.
   (2) Return on Equity = Net Income After Tax / Average Total Equity.
   (3) Net Profit Margin = Net Income After Tax / Net Sales.
   (4) Earnings Per Share = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividends) / Weighted Average Number of Shares Outstanding.
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities.
   (2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities over the Past Five Years / (Capital Expenditures + Increase in Inventory + Cash Dividends over the Past Five Years).
   (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Amount of Property, Plant, and Equipment + Long-term Investments + Other Non-current Assets + Working Capital).
6. Leverage：
   (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income.
   (2) Financial Leverage = Operating Income / (Operating Income - Interest Expense).

(IV) Financial Analysis for the Last Five Years – Domestic Accounting Standards (Individual)

The Company has fully adopted the International Financial Reporting Standards (IFRS) in 2013

III. Audit Committee Review Report of the Most Recent Annual Financial Report

Please refer to page 127.

IV. Most Recent Annual Financial Report, including the auditor's report, comparative balance sheets for two years, comprehensive income statements, statements of changes in equity, cash flow statements, and notes or schedules

Please refer to pages 119 to 206.

V. Most Recent Annual Individual Financial Report Audited and Certified by Accountants

Please refer to Page 207 to Page 299.

VI. If the company and its related enterprises have experienced financial difficulties during the most recent fiscal year or up to the date the annual report was printed, the impact on the company's financial condition should be disclosed

No such situation.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Financial Situation: Main reason(s) for any material change to the assets, liabilities or equity over the last two fiscal years, and the impact of such changes. An explanation on the planned future contingency measures should be included if the impact is of material significance.

Unit: NTD ’000

Fiscal Year / Item	2023	2022	Difference	
			Amount in Cash	%
Current assets	5,170,679	5,763,106	(592,427)	(10)
Investments accounted for using equity method	1,388,262	1,771,707	(383,445)	(22)
Property, plant and equipment	196,205	129,750	66,455	51
Intangible assets	2,259,128	882,999	1,376,129	156
Other assets	4,174,494	3,478,428	696,066	20
Total Assets	13,188,768	12,025,990	1,162,778	10
Current liabilities	3,422,789	2,878,305	544,484	19
Non-current liabilities	1,165,325	1,516,165	(350,840)	(23)
Total	4,588,114	4,394,470	193,644	4
Share capital	742,718	692,718	50,000	7
Capital reserves	1,340,854	1,005,857	334,997	33
Retained earnings	2,361,445	3,158,904	(797,459)	(25)
Other equities	(473,690)	(857,729)	384,039	(45)
Non-controlling interests	4,629,327	3,631,770	997,557	27
Total equity	8,600,654	7,631,520	969,134	13

1. For items with a 20% or more variation between the previous and current periods, and the variation amount reaches NTD 10 million, an explanation should be provided:
   (1) Investments under the equity method: Mainly due to reclassifying AlgolTek, Inc. as a consolidated entity.
   (2) Property, Plant, and Equipment: Primarily due to the consolidation of AlgolTek, Inc., resulting in an increase in fixed assets.
   (3) Intangible Assets: Mainly due to the consolidation of AlgolTek, Inc. and StarRiver Semiconductor Corp., leading to an increase in intangible assets.
   (4) Other Assets:
   Mainly due to the recovery of the IC design market this period, resulting in increased valuation gains of financial assets measured at fair value through profit or loss and other comprehensive income.
   (5) Non-current Liabilities: Mainly due to the repayment of long-term loans.
   (6) Additional Paid-in Capital: Mainly due to cash capital increase this period.
   (7) Retained Earnings: Net loss attributable to the parent company owners this period was NTD 721,998 thousand and the profit distribution from 2022 was resolved at the shareholders’ meeting on June 21, 2023, to distribute NTD 207,815 thousand.
   (8) Other Equity: This period’s IC design market recovery led to increased valuation gains of financial assets measured through other comprehensive income.
   (9) Non-controlling Interests: This period includes new consolidations of AlgolTek, Inc. and StarRiver Semiconductor Corp.
2. Planned future contingency measures when the impact is of material significance: Nil.

II. Financial Performance: Main Reasons for Any Material Change to Operating Revenue, Operating Profit or Pre-tax Profit for the Last Two Fiscal Years; the Sales Volume Forecast and the Basis, and the Possible Impact on the Company's Future Financial Operations and Contingency Measures

Comparative Analysis of Financial Performance

Unit: NTD '000

Item \ Fiscal Year	2023	2022	Increase (Decrease) Amount	Percentage of Change (%)
Operating revenue	3,848,595	3,289,300	559,295	17
Gross profit from operations	1,175,630	1,162,364	13,266	1
Operating net profit (loss)	(1,145,114)	(961,661)	(183,453)	19
Non-operating income and expenses	61,678	30,594	31,084	102
Pre-tax net profit (loss)	(1,083,436)	(931,067)	(152,369)	16
Income tax benefit (expense)	79,977	28,729	51,248	178
Net profit (loss) for the current period	(1,003,459)	(902,338)	(101,121)	11
Other comprehensive income (net amount after tax) for the current period	569,270	(835,006)	1,404,276	(168)
Total comprehensive income for the current period	(434,189)	(1,737,344)	1,303,155	(75)

1. For items with a 20% or more variation between the previous and current periods, and the variation amount reaches NTD 10 million, an explanation should be provided:
   (1) Non-operating Income and Expenses: Mainly due to the recovery of the IC design market this period, leading to increased valuation gains of financial assets measured at fair value through profit or loss.
   (2) Tax Benefits: Mainly due to a significant reduction in undistributed earnings tax compared to the previous year.
   (3) Other Comprehensive Income This Period: Mainly due to the recovery of the IC design market this period, leading to increased valuation gains of financial assets measured through other comprehensive income.
   (4) Total Comprehensive Income This Period: Mainly due to the recovery of the IC design market this period, leading to increased valuation gains of financial assets measured through other comprehensive income.
2. Sales volume forecast and the basis therefore, as well as the possible impact on the company's future financial operations and contingency measures:

   The Company's main products are biometric sensing IC and its applications. The Business Department determined the sales volume forecast based on the sales forecast of existing products, development progress of new products, forecast value of customer production demand, with the business development strategy taken into account.

III. Cash Flows: Analysis of the recent year's cash flow changes, liquidity improvement plans, and analysis of cash liquidity for the upcoming year

(I) Analysis of Cash Flow Changes for the Recent Year (2023):

1. Financial Analysis

Unit: NTD '000

Opening cash balance (1)	Net cash flow from operating activities for the year (2)	Cash outflows (inflows) volume (3)(Note)	Surplus (insufficient) amount (1)+(2)-(3)	Remedial measures for insufficient cash	
				Investment plan	Financial plan
1,544,842	55,739	(278,347)	1,878,928	NA	NA

Note: Including the impact of exchange rate changes on cash and cash equivalents amounting to NTD 187 thousand.

Analysis of cash flow changes during the current fiscal year:

(1) Operating Activities: Due to decreases in accounts payable and inventory, net cash inflow was generated from operating activities.

(2) Investing Activities: Mainly due to the disposal of financial assets, resulting in net cash inflow from investing activities.

(3) Financing Activities: Mainly due to cash capital increase, resulting in net cash inflow from financing activities.

2. Improvement measures for illiquidity: There is no any situation of illiquidity for the Company.

3. Cash Liquidity Analysis for the Upcoming Year (2024)

Unit: NTD '000

Opening cash balance (1)	Estimated net cash flow from operating activities for the year (2)	Estimated cash outflows (inflows) for the whole year (3)	Estimated surplus (insufficient) amount (1)+(2)-(3)	Remedial measures for estimated insufficient cash	
				Investment plan	Financial plan
1,878,928	112,097	297,002	1,694,023	NA	NA

1. Cash Liquidity Analysis for the Upcoming Year:
   (1) Operating Activities: Expected slight revenue growth, hence net cash inflow from operating activities.
   (2) Investing Activities: Due to investments in professional technology and acquisition of related equity, resulting in net cash outflow from investing activities.
   (3) Financing Activities: Mainly due to the distribution of cash dividends and repayment of long-term loans, resulting in net cash outflow from financing activities.
2. Expected measures to remedy cash shortfalls: No expected cash shortfall, hence not applicable.

IV. Impact of significant capital expenditures on financial operations in the recent year

None

V. Reinvestment policy for the recent year, main reasons for profit or loss, improvement plans, and investment plans for the upcoming year

1. Reinvestment Policy

The Company has drafted the "Operating Procedures for Acquisition or Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" formulated by the competent authority, which serves as the basis for the Company's conduct of its reinvestment business, enabling the Company to master the relevant business and financial situation. Furthermore, in order to improve the supervision and management of the invested companies, the Company has formulated the monitoring and management methods for the subsidiaries in the internal control system, and formulated the relevant regulations for the disclosure of information, finance, business, inventories and financial management, so as to realize the greatest effectiveness in the reinvestment matters of the Company.

2. Main reasons for the profits or losses generated from the reinvestment business in the last fiscal year, and the plan for improving reinvestment profitability

Unit: NTD '000

Name of investor	Name of invested enterprise	Main business item	Investment income (loss) recognized in 2023	Main reasons for profits or losses	Plan for improving reinvestment profitability
The Company	Egis Technology (Japan) Inc.	Customer service, business promotion and technical support	340	Revenue from Technical Services	Nil
〃	Egis Technology Korea Inc.	Customer service, business promotion and technical support	193	Revenue from Technical Services	Nil
〃	OceanX Inc.	Technology Development	(52)	Operating losses	Accelerate the development, integration and application of other technologies to penetrate the supply chain
〃	Luxsentek Microelectronics Corp.	Technology Development	1,398	Revenue Recognition of other income	The company is under liquidation
〃	VASUBI Technology Inc.	Technology Development	(22,981)	Operating losses	Accelerate the development, integration and application of other technologies to penetrate the supply chain
〃	NUI Technology Inc.	Technology Development	(30,529)	Operating losses	Accelerate the development,

Name of investor	Name of invested enterprise	Main business item	Investment income (loss) recognized in 2023	Main reasons for profits or losses	Plan for improving reinvestment profitability
					integration and application of other technologies to penetrate the supply chain
〃	Taurus Wireless Inc.	Technology Development	(33,902)	Operating losses	Accelerate the development, integration and application of other technologies to penetrate the supply chain
〃	Transducer Star Technology INC.	Technology Development	(12,922)	Operating losses	Accelerate the development, integration and application of other technologies to penetrate the supply chain
〃	iCatch Technology, Inc.	Technology Development	(86,749)	Operating loss and loss offset by amortization of acquisition price	Accelerate the development, integration and application of other technologies to penetrate the supply chain
〃	SCT Holdings Ltd.	IC design, development, and sales	(61,445)	Customer need deferral	Accelerate business development in new markets
〃	Egis Innovation Fund G.P., Ltd.	General investment	(16)	General operating expenditure	Under liquidation
〃	Shentao Intelligent Technology (Shanghai) Co., Ltd.	Customer service, business promotion and technical services	(9,484)	Operating losses	Improve service quality to customers and strengthen the review of reasonable expenses
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Investment holding	(87,780)	Primarily recognizing losses from investments in subsidiary ventures.	Nil
〃	AlgolTek, Inc.	IC development, design, and sales	(61,422)	Operating losses	Continuing to actively develop new products and expand business operations.
〃	Syncomm Technology Corp.	IC development, design, and sales	(5,911)	Operating losses	Continuing to actively develop

Name of investor	Name of invested enterprise	Main business item	Investment income (loss) recognized in 2023	Main reasons for profits or losses	Plan for improving reinvestment profitability
					new products and expand business operations.
〃	Qunfeng Investment Co., Ltd.	General investment	(302)	Primarily recognizing investment losses from invested companies.	Investment opportunities will be carefully selected based on market conditions to generate returns.
〃	Ene Technology Inc.	IC development, design, and sales	6,578	Operating profit	Nil
〃	StarRiver Semiconductor Corp.	NRE commissioned design and ASIC wafer product sales	6,413	Operating profit	Nil

3. Investment plan for the coming year

As the company transitions into an IP company, future investment plans will focus on completing the range of IPs, including wired transmission interfaces (PCIe, USB, MIPI, Ethernet, SLVS, etc.), wireless transmission (Wi-Fi, BT/BLE, UWB, etc.), UCIe, basic components, storage device interfaces (DDR Combo, ONFI), automotive applications, AI-ISP, etc., enabling the company to cover all IPs required for chip design. This will accelerate the company's strategy in AI, HPC, Automotive, AI PC/NB, etc., and enable OceanX Group to provide an integrated solution from upstream IP supply to chip design services.

VI. Risk Management Analysis and Evaluation

(I) Risk Management Policy

1. Based on the latest developments and requirements from internal audits, the company plans to gradually enhance the management of enterprise risks; the organizational structure for risk management is divided into three levels (mechanisms):

   First Mechanism: As the organizing or responsible personnel, one must assume the duty of initially discovering, assessing, and controlling risks, including the consideration, design, and prevention of such risks.

   Second Mechanism: The review chaired by the President (or CEO or Vice President), which includes not only feasibility assessment but also various risk assessments.

   Third Mechanism: It is a review by the Legal Affairs and Audit Office, and a review by the Board of Directors/Audit Committee.

2. For important risk assessment matters at the company that do not require deliberation by the second and third mechanisms, they will be audited by the Audit Office and, when necessary, reviewed by legal affairs, to discover, assess, and suggest prevention

measures for risks. If an immediate potential risk is identified, it can also be immediately reported to superiors for proper prevention.

3. According to the "Regulations on Internal Control System Procedures for Public Companies" established by our company, we have "Self-Inspection Procedures and Methods." Each year, all departments and operating units conduct routine self-assessments of internal control systems to implement self-monitoring mechanisms, respond promptly to environmental changes, adjust the design and execution of internal control systems, and enhance the audit quality and efficiency of internal audit units. The scope of self-assessment covers the implementation and design of various types of internal control systems within the company.

(II) Risk Management Organization Chart

Important risk assessment matters	(The first mechanism) Direct risk control unit	(The second mechanism) Risk review and control	(The third mechanism) Board of Directors, Audit Committee and Audit Office
1. Interest Rate, Exchange Rate and Financial Risks	Financial contractor	Directors at all levels and general manager	Board of Directors and Audit Committee (Decision-making and final control of risk assessment and control)
2. High-risk, high-leverage investment, capital loans to others, derivative commodity transactions, financial investment	Financial contractor	Directors at all levels and general manager	
3. Investment, Transfer of Investment and M&A Benefits	Stock and financial staff	Directors at all levels and general manager	
4. Research and development plan	Research and Development personnel	Directors at all levels, operation officer and general manager	Audit Office (Inspection, Improvement Tracking and Report of Risk)
5. Concentrated sales or purchases	Business Department, Purchasing Department and Financial Staff	Production and marketing meeting	
6. Changes in equity of directors and major shareholders	Stock	Board of Directors	
7. Changes in operating rights	Stock	Board of Directors	
8. Litigation and non-contentious matters	Legal affairs	General Manager	
9. Other business operations	Directors at all levels	General Manager	
10. Personnel behavior, morality and ethics	Directors at all levels and Personnel Administration Department	Labor-management conference	
11. Compliance with regulations	Directors at all levels	Legal affairs and audit	
12. Management of Board Meetings	Stock	Legal affairs and audit	

(III) The impact of interest rate changes, exchange rate fluctuations, and inflation on the company’s profitability and future response measures

1. Interest Rate Fluctuations

(1) Effect on the Profit and Loss of the Company

In 2022 and 2023, the amounts of bank loans accounted for 24.41% and 19.92% of total assets, respectively, and interest expenses accounted for 1.01% and 1.56% of net operating income for each period, respectively. Both ratios are relatively small, so the impact of interest rate changes on the company’s profitability is limited. We will continue to monitor domestic and international economic changes and take necessary measures in a timely manner to reduce the risk of interest rate fluctuations on the company's profitability.

(2) Specific Contingency Measures

The Company evaluates the bank loan interest rate on a regular basis and constantly monitors the financial market for any effects of interest rate fluctuations on the Company’s allocation of funds, so as to duly implement adaptation measures. Therefore, interest rate fluctuations do not have any significant effect on the profits and losses of the Company.

2. Exchange Rate Fluctuations

(1) Effect of Exchange Rate Fluctuations on the Profit and Loss of the Company

Our company’s import and export transactions are mainly denominated and settled in US dollars. In 2022 and 2023, the net amounts of exchange gains (losses) were NTD 125,650 thousand and NTD 8,904 thousand, respectively, which represented about 3.82% and 0.23% of our company’s net operating income. Before tax, the net profits were (13.50%) and (0.82%) respectively. Fluctuations in the exchange rate of the New Taiwan dollar against the US dollar have a certain impact on the company’s profits and losses.

(2) Specific Contingency Measures

A. When providing customers with price quotations, the Business Department will take into account the exchange rate trends for quotation decision-making and make dynamic adjustments to quoted prices offered to customers, so as to avoid any significant impact on the Company’s profits due to the exchange rate fluctuations.

B. The natural hedging of foreign exchange risk will continue to be the main strategy for exchange rate risk control and management in the future, and the foreign currency assets and liabilities will be appropriately adjusted to lower the risks arising from exchange rate fluctuations.

3. Inflation

(1) Analysis of the Impact on the Company

Global economic growth has slowed due to weak end-market demand and industrial inventory adjustments, with interest rates expected to remain high in the short term. Especially with the economic downturn in China and escalating geopolitical risks leading to weak end-market demand, it is still necessary to closely monitor the impact of global economic and political uncertainties.

(2) Specific Contingency Measures

A. The Company will be aware of the fluctuations in market prices of upstream raw materials at all times, and maintain good interactions with suppliers and customers, so as to predict the market trends of the raw materials and lower the impact of rising prices.

B. In accordance with fluctuations in the costs of raw materials, the Company will dynamically adjust the prices offered to customers when the preset tolerance intervals are exceeded, so as to avoid any significant impact on the Company due to inflation.

(IV) Policies on engaging in high-risk, high-leverage investments, lending funds to others, endorsements, guarantees, and derivative transactions, the main reasons for profits or losses, and future response measures

The Company is prudent in its financial management and does not engage in any high-risk or high-leverage investments. The Company has established comprehensive policies and internal control procedures for the capital loan to others, endorsements and guarantees and derivative transactions. All loans and endorsements made by the Company during the year of 2023 and up to date were in accordance with the relevant regulations.

(V) Future research and development plans and expected R&D expenditures

1. Future Research and Development Plan

The Company is committed to the design, development and sale of biometric sensor-related chips. For a description of our future research and development plans, please refer to “V. Overview of Business Operations, 1. Content of Business, 3. General Situation of Technology and Research” in this Annual Report.

2. Estimated Research and Development Expenses

The company plans to allocate R&D expenses progressively according to the development progress of new products and technologies and will adjust the R&D expenses based on market changes and the progress of new product development. The company anticipates investing approximately NTD 1.8 billion in R&D expenses in 2024 to continuously support future R&D plans and maintain the market competitive advantage of the company’s products.

(VI) The impact of significant domestic and international policy and legal changes on the company’s financial operations and response measures

The company’s day-to-day operations comply with relevant domestic and international legal regulations and continuously monitor the trends and changes in domestic and international policies and regulations. Information is collected to provide references for executive decision-making to adjust the company’s operational strategies. Therefore, as of the date the annual report was printed, the company has not been affected by any significant changes in domestic or international policies and laws that would impact its financial operations.

(VII) The impact of technological changes (including information security risks) and industry changes on the company's financial operations and response measures

The Company keeps an eye on the evolution of technology related to the industry in which it operates, keeps abreast of industry dynamics, continues to enhance its research and development capabilities, and actively expands future market applications to ensure its competitive advantage in the market. In order to fulfill the requirements of information security management, we focus on processes, legal compliance, personnel training, and technology utilization to strengthen the security and protection of data, information systems, equipment, and network communications, and effectively reduce the risk of theft, misuse, leakage, tampering, or destruction of information assets caused by human negligence, intentional or natural disasters, to ensure our commitment to shareholders and customers, and to achieve the Company's sustainable management. In addition, we continue to pay attention to new cyber security information and technology in response to the rapid changes in external factors and attack methods, and keep our defense or management methods up-to-date to effectively block new types of information security threats and reduce the risk of operations. Therefore, in the last fiscal year and the current fiscal year up to the date of publication of the annual report, there were no technological innovation or industrial changes that would affect the financial operations of the Company.

(VIII) The impact of changes in corporate image on crisis management and response measures

Since its establishment, the Company has focused on its core business operations, adhering to relevant laws and regulations, actively strengthening internal control and improving management quality and performance, so as to uphold the good corporate image of the Company and increase customer trust. The Company has not faced any operational crisis due to changes in the Company's corporate image in the last fiscal year and the current fiscal year up to the date of publication of the annual report. However, as the enterprise may face considerably huge damages due to corporate crisis, the Company will continue to execute all the requirements of corporate governance so as to minimize the occurrence of corporate risk and such impact on the Company.

(IX) Expected benefits, potential risks, and response measures of mergers and acquisitions

(1) Expected benefits of mergers and acquisitions

Egis Technology Inc. is making a complete layout from upstream IP in the supply chain to downstream IC design through the acquisitions of Inpsytech and Curious. Inpsytech specializes in advanced processes, with mass production experience in the advanced process domain. The IPs developed by Inpsytech are mainly used in four major areas: AI/HPC, automotive, storage, and basic component IPs, including products like UCIe, DDR and LPDDR Combo PHY, ONFI 5.1 PHY, automotive sensors, transmission IPs, and a customizable Standard Cell Library with high-speed, low-power, small area, and special IO foundational element IPs. Many of these IPs support advanced packaging technologies like CoWoS/InFO in 2.5D/3D formats; Curious, on the other hand, is a fabless company focused on the development and design of analog and mixed ICs, primarily offering transmission interfaces for integrated circuits, large integrated circuits, and related IP licensing. This includes Sony Semiconductor Solutions' SLVS-EC, camera PHY interface IPs (including SER/DES), flat panel display (LCD/Plasma) interface IPs, image sensor IPs, image processing IPs, and ASIP/ASIC (customized IP/IC), with most clients and collaborators being well-known large enterprises in Japan. After the merger and acquisition, Egis Technology

Inc. will complete its layout of high-speed transmission interface IPs, providing customers with more comprehensive integrated solutions.

(2) Possible Risks and Countermeasures of the Merger and Acquisition

A potential risk of this share conversion is that during the process of the merger and acquisition expansion, a downturn in the economy could lead to a decline in profits, which would decrease the company's profitability. Egis Technology Inc. has conducted a thorough assessment in advance, hoping to effectively integrate resources and expand its customer base through this deal to enhance profitability, positively impact shareholder equity, and reduce the risks associated with the merger and acquisition. The merger and acquisition plan will follow the company's "Procedures for Acquisition or Disposal of Assets" and adhere to a cautious attitude in assessing various benefits and managing risks to truly protect the company's interests and shareholder rights.

(X) Expected Benefits, Potential Risks, and Countermeasures of Expanding Facilities

The Company does not have a factory site, and has no plans for the establishment or expansion of a factory in the future. Therefore, this is not applicable.

(XI) Risks and Countermeasures Faced by Concentration of Purchases or Sales

1. In terms of purchases

The Company is a professional IC design company and thus does not own a foundry. At present, its purchases are concentrated in the foundry in Taiwan. In order to achieve reliable and stable production capacity and shorten the time to market of products, IC design companies have the industrial characteristics of using the same semiconductor process, and also consider factors such as process technology, quality efficiency, full capacity, delivery coordination, etc., so they tend to maintain long-term and close cooperation with specific wafer foundry. Should the production output of the collaborating foundry be insufficient, the Company may face the risk of supply shortage or delay in goods delivery. In view of the aforementioned risks, besides maintaining a good cooperative relationship between the Company and the collaborating foundry, the Company shall also not exclude the possibility of working with other foundries, so as to provide more choices and security in terms of the quality, source, and prices of the raw materials.

2. In terms of sales

It did not occur.

(XII) Impact, Risk, and Countermeasures of Major Share Transfers or Changes Involving Directors, Supervisors, or Shareholders Holding More than Ten Percent of the Shares: There are no such circumstances.

(XIII) Impact, Risk, and Countermeasures of Changes in Management Rights:
There are no such circumstances.

(XIV) Litigation or Non-Litigation Events, It should be disclosed if there are any significant litigation, non-litigation, or administrative disputes that have been definitively judged or are currently ongoing involving the company, its directors, supervisors, general manager, actual responsible persons, shareholders holding more than ten percent of the shares, and subsidiary companies, where the outcomes could significantly impact shareholder rights or the price of securities. The facts of the disputes, the amount in question, the start date of the proceedings, the main parties involved in the litigation, and the status as of the date the annual report was printed should be disclosed: There are no such circumstances.

In the area of patents, in July 2020, Goodix Technology filed a patent infringement lawsuit against our company in the Beijing Intellectual Property Court, demanding compensation for related losses totaling RMB 50.5 million. Our company received a verdict from the Beijing Intellectual Property Court on July 1, 2023, which ruled in favor of our company, dismissing all of Goodix Technology's claims. Subsequently, on July 25, 2023, our company received a notice of appeal from Goodix Technology, and on November 20, 2023, we received a notification to respond from the Supreme People's Court. The final outcome is yet to be determined, and it is estimated that there will be no immediate significant negative impact on the operations and finances of the merged company.

In March 2021, Goodix Technology filed another patent infringement lawsuit against our company in the Fuzhou Intermediate People's Court, demanding compensation for related losses totaling RMB 50.5 million. Our company received a judgment on December 30, 2022, in which the Fuzhou Intermediate People's Court found our company liable for infringement. Our company filed an appeal on January 16, 2023, and the Supreme People's Court has accepted the case. The final result is still uncertain, but it is estimated that there will be no immediate significant negative impact on our company's operations and finances.

(XV) Other Significant Risks and Countermeasures: None.

VII. Other Important Matters

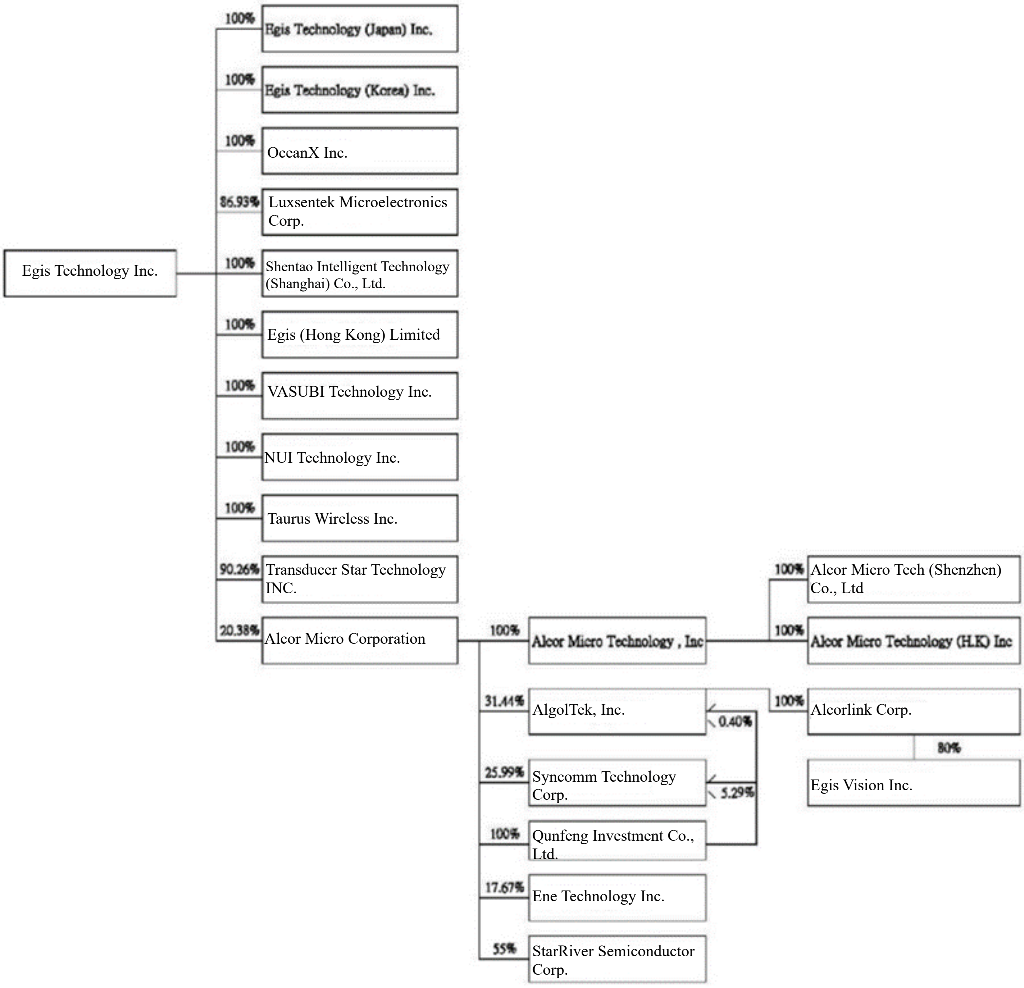
None

Eight. Special Notations

I. Relevant Information on Affiliated Enterprises

(I) Affiliated Enterprises

December 31, 2023



(II) Basic Information of Related Enterprises

December 31, 2023; Unit: NTD thousands

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main business item
Egis Technology (Japan) Inc.	2009.08.18	Mita Kokusai Bldg. 3F., 1-4-28, Mita, Minato-ku, Tokyo,108-0073 Japan	NT$ 10,502	Customer service, business promotion and technical service
Egis Technology Korea Inc.	2017.11.23	17 Daehak 4-ro, Ace Gwanggyo Tower #516, Yeongtong, Suwon, Gyeonggi	NT$ 5,706	Customer service, business promotion and technical service
OceanX Inc.	2015.08.14	2F, No. 360 Ruiguang Road, Neihu District, Taipei City	NT$ 1,670	Holding company
Luxsentek Microelectronics Corp.	2020.08.24	5F, No. 119 Baozhong Road, Xindian District, New Taipei City	NT$ 161,050	Technology Development
Shentao Intelligent Technology (Shanghai) Co., Ltd.	2020.12.28	Room 3866, Building 11, Alley 1333, Jiangnan Avenue, Changxing Town, Chongming District, Shanghai City	NT$ 56,000	Customer service, business promotion and technical service
Egis (Hong Kong) Limited	2015.08.17	Room 20A, Kiu Fu Commercial Building, 300 Lockhart Road, Wan Chai, Hong Kong.	- (Note 1)	Holding company
VASUBI Technology Inc.	2022.01.11	29F-5, No. 118, Ciyun Road, East District, Hsinchu City	NT$ 40,000	Technology Development
NUI Technology Inc.	2022.05.19	29F-3, No. 118, Ciyun Road, Puding Village, East District, Hsinchu City	NT$ 90,000	Technology Development
Taurus Wireless Inc.	2022.05.30	30F-2, No. 118, Ciyun Road, East District, Hsinchu City	NT$ 50,000	Technology Development
Transducer Star Technology INC.	2022.06.01	29F-6, No. 118, Ciyun Road, East District, Hsinchu City	NT$ 30,800	Technology Development
Alcor Micro Corporation	1999.11.23	9F-1, No. 66, Sanchong Rd., Nangang Dist., Taipei City	NT$ 981,566	Technology Development
Alcor Micro Technology, Inc.	1999.12.06	PO Box 32322 4th Floor, Century Yard Elgin Avenue, Cricket Square Grand Cayman Ky1-1209 Cayman Islands.	US$ 30,613	Investment holding
AlgolTek, Inc.	2010.10.21	No. 55, High Speed Rail 2nd Road, Akouli, Zhubei City, Hsinchu County	NT$446,561	IC development, design, and sales
Alcorlink Corp.	2015.08.04	9F, No. 66, Sanchong Road, Nangang District, Taipei City	NT$ 20,570	IC development, design, and sales
Egis Vision Inc.	2023.06.09	9F, No. 66, Sanchong Road, Nangang District, Taipei City	NT$ 75,000	IC development, design, and sales
Syncomm Technology Corp.	1998.01.23	10F-1, No. 101, Section 2, Gongdao 5th Road, Hsinchu City	NT$ 418,980	IC development, design, and sales
Qunfeng Investment Co., Ltd.	2017.12.18	9F, No. 66, Sanchong Road, Nangang District, Taipei City	NT$ 90,000	General investment
Ene Technology Inc.	1998.05.20	4F, No. 21, Lixing Road, Hsinchu City, Hsinchu Science Park	NT$ 452,688	IC development, design, and sales
StarRiver	2018.11.06	15F-1, No. 32, Gaotie 2nd Road,	NT$55,574	IC development,

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main business item
Semiconductor Corp.		Zhubei City, Hsinchu County		design, sales business and product development solutions
Alcor Micro Tech (Shenzhen) Co., Ltd	2006.04.21	Room 106, 9F, Block B, TCL Building, No. 006, Gaoxin South First Road, Gaoxin District Community, Yuehai Street, Nanshan District, Shenzhen	US$ 2,000	After-sales service and collection of business information
Alcor Micro Technology (H.K.) Limited.	2006.04.03	Unit 1701,17th Floor, The Sun's Group Centre, No.200 Gloucester Road, Wanchai, Hong Kong.	HK$ 1 & US$ 20,790	Operation and sales of electronic products

Note 1: Egis (Hong Kong) Limited was established and registered on August 17, 2015, but the Company has yet to complete capital injection.

(III) Information on the same shareholders with presumed control and affiliation relationship: None.

(IV) Businesses covered by the affiliates: Design, develop, produce and sell biometric sensor chips, and integrate IC design and solutions for chip and software design.

(V) The names of directors, supervisors, and presidents of affiliated companies, and their shareholdings or capital contributions to the companies

December 31, 2023; unit: share thousand/NTD thousand; %

Name of Enterprise	Position	Name or Representative	Shares Held	
			Number of Shares/Capital Contribution	Shareholding Ratio
Egis Technology (Japan) Inc.	General Manager	Representative of Egis Technology Inc.: TANG, HSIEN CHIH	7,680	100.00%
Egis Technology Korea Inc.	Director	Representative of Egis Technology Inc.: Xu Zhining	20	100.00%
OceanX Inc.	Director/Supervisor	Representatives of Egis Technology Inc.: Li Yiping Supervisor: Egis Technology Inc. Representative Kathy Huang	167	100.00%
Luxsentek Microelectronics Corp.	Director/Supervisor	Representatives of Egis Technology Inc.: Li Yiping, Lin Gongyi Supervisor: Kathy Huang	14,000	86.93%
Shentao Intelligent Technology (Shanghai) Co., Ltd.	Director/Supervisor	Representative of Egis Technology Inc.: Su Jiebin Supervisor: Tony Lo	-	100%
Egis (Hong Kong) Limited	Director	LEE, YI-PIN	-	100%
VASUBI Technology Inc.	Director/Supervisor	Representatives of Egis Technology Inc.: Li Yiping Supervisor: Egis Technology Inc. Representative Kathy Huang	4,000	100%
NUI Technology Inc.	Director/Su	Representatives of Egis Technology Inc.:	9,000	100%

Name of Enterprise	Position	Name or Representative	Shares Held	
			Number of Shares/Capital Contribution	Shareholding Ratio
	pervisor	Li Yiping Supervisor: Egis Technology Inc. Representative Kathy Huang		
Taurus Wireless Inc.	Director Supervisors	Representatives of Egis Technology Inc.: Li Yiping Supervisor: Egis Technology Inc. Representative Kathy Huang	5,000	100%
Transducer Star Technology INC.	Director/Supervisor	Representatives of Egis Technology Inc.: Li Yiping Supervisor: Kathy Huang	2,780	90.26%
Alcor Micro Corporation	Director	Representative of Egis Technology Inc.: Luo Senzhou, Li Yiping, Liu Dingren	20,000	20.38%
AlgolTek, Inc.	Director	Representatives of Alcor Micro, Corp.: Luo Senzhou, Cai Lingjun, Liu Dingren	14,040	31.44%
Alcorlink Corp.	Director	Representatives of AlgolTek, Inc.: Luo Senzhou, Lan Shimin, Guo Guangyao, Du Yanlan	2,057	100%
Syncomm Technology Corp.	Director	Representatives of Alcor Micro, Corp.: Luo Senzhou, Cai Lingjun, Peng Zhiqiang	10,887	25.99%
Qunfeng Investment Co., Ltd.	Director	Representatives of Alcor Micro, Corp.: Ling-Chun Tsai	9,000	100%
Ene Technology Inc.	Director	Representatives of Alcor Micro, Corp.: Zhong Wenkai, Luo Senzhou	8,000	17.67%
Egis Vision Inc.	Director	Representatives of Alcorlink Corp.: Luo Senzhou, Lan Shimin, Fan Zhengda	6,000	80%
StarRiver Semiconductor Corp.	Director	Representatives of Alcor Micro, Corp.: Luo Senzhou, Chen Jiansheng, Cai Lingjun	3,056	55%
Alcor Micro Technology, Inc.	Director	Representatives of Alcor Micro, Corp.: Ling-Chun Tsai, Yu-Wen Chang	Capital contribution by Alcor Micro, Corp.: US$ 30,613	100%
Alcor Micro Technology (H.K.) Limited.	Director	Zhang Qidong, Cai Lingjun	Capital contribution of Alcor Micro Technology, Inc. US$ 20,790	100%
Alcor Micro Tech (Shenzhen) Co., Ltd.	Director	Alcor Micro Technology, Inc.Representative: Zhang Qidong, Cai Lingjun, Zhang Yuwen	Capital contribution of Alcor Micro Technology, Inc. US$ 2,000	100%

(VI) Overview of Operations of Related Enterprises

As of December 31, 2023 Unit: NTD thousands

Name of Enterprise	Capital	Total Assets	Total	Net Value	Operating revenue	Operating Income	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Egis Technology (Japan) Inc.	NT$10,502	3,796	2,693	1,103	10,765	754	340	0.04
Egis Technology Korea Inc.	NT$5,706	45,324	18,696	26,628	43,146	2,165	193	9.65
OceanX Inc.	NT$1,670	2,189	75	2,114	0	-75	-52	-0.31
Luxsentek Microelectronics Corp.	NT$161,050	7,401	11,701	-4,299	0	-11,434	-10,044	-0.62
Shentao Intelligent Technology (Shanghai) Co., Ltd.	NT$56,000	42,309	1,129	41,180	0	-10,163	-9,484	Note 1
VASUBI Technology Inc.	NT$40,000	3,999	4,927	-928	2,381	-23,047	-22,981	-5.75
NUI Technology Inc.	NT$90,000	49,792	5,901	43,891	0	-31,116	-30,529	-3.39
Taurus Wireless Inc.	NT$50,000	24,044	15,799	8,246	0	-34,191	-33,902	-6.78
Alcor Micro, Corp.	NT$981,566	3,372,347	386,992	2,985,355	303,665	-51,550	-111,776	-1.21
Algol Technology Co., Ltd.	NT$446,561	1,934,909	167,390	1,767,519	187,584	-226,797	-240,407	-6.38
Syncomm Technology Corp.	NT$418,980	678,579	70,879	607,700	219,393	-27,354	-22,507	-0.70
Alcorlink Corp.	NT$20,570	299,731	23,584	276,148	211,621	-35,735	-88,887	-43.21
Qunfeng Investment Co., Ltd.	NT$90,000	170,391	350	170,042	4,838	4,680	4,539	0.50
Ene Technology Inc.	NT$452,688	1,147,427	327,439	819,988	875,342	52,508	66,676	1.50
StarRiver Semiconductor Corp.	NT$55,557	205,305	125,195	80,111	492,751	29,843	24,536	4.42
Alcor Micro Technology, Inc.	US$30,613	70,781	170	70,611	0	-259	-87,780	-2.87
Alcor Micro Tech. (H.K.) Limited	US$20,790	55,478	7,031	48,447	95,901	-43,346	-40,583	-1.95
Alcor Micro Tech (Shenzhen) Co., Ltd.	US$2,000	28,807	24,957	3,849	52,885	-45,964	-47,120	Note 1
Egis Vision Inc.	NT$75,000	44,096	17,050	27,046	1,668	-50,041	-48,796	-7.54
Transducer Star Technology Inc.	NT$30,800	10,370	3,787	6,583	0	-15,375	-15,438	-5.01
Vitrio Technology Corporation	NT$0	0	0	0	0	-71	-71	-
iCatch Technology, Inc.	NT$955,643	1,880,627	177,085	1,703,542	1,100,668	-99,410	-64,498	-0.68
SCT Holdings Ltd.	NT$40	343,766	471,717	-127,951	468,292	-381,680	-368,157	-11.22
Egis Technology Inc.	NT$0	0	0	0	36	-32	-32	-

Note 1: Only the capital was available and the number of shares issued was not available, so the earnings per share could not be calculated.

Note 2: If the affiliated enterprise is a foreign company, the relevant numbers shown will be based on conversion to NTD using the exchange rate on the date of the report.

II. Status of Private Placement of Securities in the Last Fiscal Year and the Current Fiscal Year Up to the Date of Publication of the Annual Report:

Item	2022 first private placement Date of issuance: May 15, 2023
Types of private placement securities	Common stock
Date and amount approved at the shareholders' meeting	June 22, 2022 10,000,000 common shares
The basis and rationale of pricing	(1) The reference price for this private placement of common shares is determined by the higher of the following two criteria: a. Calculate the simple arithmetic average of the closing prices of common shares on either the last one, three, or five business days prior to the pricing day, subtracting the ex-rights and ex-dividends for bonus shares and adding back the stock price after the reverse stock split due to capital reduction. b. Calculate the simple arithmetic average of the closing prices of common shares over the thirty business days prior to the pricing day, subtracting the ex-rights and ex-dividends for bonus shares and adding back the stock price after the reverse stock split due to capital reduction. (2) The per-share price of this private placement will be set at no less than 80% of the reference price and not less than the par value of 10 NTD, as a principle. The actual issuance price will be proposed to the shareholders' meeting for authorization of the board of directors to set according to legal regulations and within the pricing basis and proportion range resolved by the shareholders' meeting, depending on negotiations with specific individuals and market conditions at the time. (3) The pricing of this private placement of common shares is in compliance with the regulations of the relevant authorities, and it also considers factors such as the company's operational status, future outlook, and the reference price on the pricing day. The method of setting the price should be reasonable.
The method for selecting the specific persons	The selection is limited to strategic investors who comply with Article 43-6 of the Securities and Exchange Act and the provisions of the Financial Supervisory Commission's letter (91) Tai Cai Zheng Yi Zi No. 0910003455 of June 13, 2002.
Necessity for conducting private placement	In consideration of the timeliness, convenience and issuance cost of raising capital and the three-year non-transferable restriction on the private placement of shares, which can ensure and strengthen the long-term relationship with strategic partners, therefore, the Company will not adopt public offering and proposes to conduct private placement.
Number of Shares	5,000,000 common shares
Price Payment Completion Date	May 15, 2023
Delivery date	June 16, 2023

<table>
<tr><td rowspan="4">Placee information</td><td>Private Placement Target</td><td>Eligibility Criteria</td><td>Number of subscription shares acquired</td><td>Relationship with the Company</td><td>Participation in the Company’s operation</td></tr>
<tr><td>HSIEH, CHING-CHIANG</td><td rowspan="3">In line with Item 2, Paragraph 1, Article 43-6 of the Securities and Exchange Act</td><td>3,500,000</td><td>Nil</td><td>Nil</td></tr>
<tr><td>HSIEH, HAO-YUN</td><td>750,000</td><td>Nil</td><td>Nil</td></tr>
<tr><td>HSIEH, TING-YUN</td><td>750,000</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Actual subscription (or conversion) price</td><td colspan="5">NTD thousand</td></tr>
<tr><td>Difference between the actual subscription (or conversion) price and the reference price</td><td colspan="5">The actual subscription price is 81.53% of the reference price, which is not less than 80% of the reference price resolved at the shareholders’ meeting.</td></tr>
<tr><td>Effect of private placement on shareholders’ equity</td><td colspan="5">The placee’s experience, technology, knowledge, brand name or reputation will help the Company to improve its technology, reduce costs, expand market development or strengthen supplier and customer relationships, which is expected to meet the Company’s operational needs and enhance the potential for future business growth, strengthen the Company’s competitiveness, improve operational efficiency and increase shareholders’ equity.</td></tr>
<tr><td>Use of private funds and progress of plan execution</td><td colspan="5">It is expected to be completed on May 16, 2023. The total number of common shares in the private placement is 5,000,000, the price per share in the private placement is NTD 70, and the total amount of the private placement is NTD350,000,000, which is used to replenish the working capital.</td></tr>
<tr><td>Private placement benefit yields</td><td colspan="5">(1) To strengthen operational funds, raise the level of available funds and increase flexibility in their utilization.
(2) To improve the financial structure, enhance the liquidity ratio and the company’s net value.
(3) Through the participation of subscribers, the company can accelerate opportunities in product and market development. By integrating various industry components or collaborating in research and development, the company can enhance its operational effectiveness and overall competitiveness.</td></tr>
</table>

III. Details on the shares held or disposed of by subsidiaries in the most recent fiscal year up to the date the annual report was printed.

No such situation.

IV. Other Necessary Supplementations:

Explanation on the Non-fulfillment of OTC Trading Commitments by the Company

OTC Trading Commitments	Status of Compliance with Commitments
1. An amendment to the "Asset Acquisition or Disposal Procedures" stipulates that "the company must not waive its rights to participate in future capital increases by Egis Technology (Japan). Should the company need to waive its rights to these capital increases or dispose of the aforementioned company due to strategic alliance considerations or other factors, approval must first be obtained from the Over-the-Counter Trading Center, followed by a special resolution passed by the company's board of directors." Furthermore, any future revisions to this procedure must be posted on the Public Information Observation Station as significant information and reported to the center for record-keeping.	1. The Company has provided the Letter of Commitment which will be disclosed in the prospectus. 2. The Company has passed the resolution on the addition of the content stated on the left to Article 5, Paragraph 6 of the "Operating Procedures for Acquisition or Disposal of Assets" during the Board meeting on August 13, 2015, and this has been entered into the Market Observation Post System as material information disclosure on the same day. 3. The Company has passed the resolution to amend part of the content of the "Operating Procedures for Acquisition or Disposal of Assets" during the Shareholders' meeting on June 28, 2016, and this has been entered into the Market Observation Post System as material information disclosure on the same day. 4. On May 6, 2020, the Company reported to the Board of Directors that Egis Inc., a wholly-owned subsidiary of the Company, no longer had actual operation function and would be dissolved, and the liquidation certificate was obtained on June 02, 2020. The Company has amended the "Procedure for the Acquisition or Disposal of Assets" in the 2021 shareholders' meeting.

Nine. Recent significant events affecting shareholder equity or security prices, as stipulated by Article 36, Paragraph 3, Subparagraph 2 of the Securities Transaction Law:

I. Our company and Inpsytech Inc. held respective board meetings on January 15, 2024, and approved a share exchange agreement in which cash and new shares issued by our company were used as consideration to acquire 100% of the issued shares of Inpsytech. The consideration for this share exchange is set at 179.48 NTD in cash and 0.959341032 new shares of our company for each ordinary share of Inpsytech. The final exchange ratio will be adjusted according to the share exchange agreement between both parties. Upon approval from the relevant authorities and completion of the share exchange process, July 1, 2024, is provisionally set as the base date for the share exchange. After the completion of the share exchange, Inpsytech will become a wholly owned subsidiary of our company.

Following this transaction, by leveraging Inpsytech's advanced process IP, combined with Egis's consortium within Algol's ASIC Design Service and a team experienced in advanced processes from 3nm to mature processes that support CoWoS 2.5D / 3D, Egis Consortium aims to create an advanced process end-to-end IP / ASIC platform. This platform will provide customers with more comprehensive integration solutions, aligning with our company's new strategy for horizontal R&D and vertical sales in the IC design industry and long-term development planning, enhancing group synergy, improving our competitiveness, and benefiting our shareholder equity.

II. Our company and Curious Holding Co., Ltd. held respective board meetings on March 29, 2024, and approved a share exchange agreement, with our company acquiring 60% of the issued shares of Curious. The consideration for this share exchange is 0.034302493 new shares of our company per one ordinary share of Curious. The final exchange ratio will be adjusted according to the share exchange agreement between both parties, with the total value of the transaction estimated at approximately 525 million NTD based on recent closing prices. Upon approval from the relevant authorities and completion of the share exchange process, July 10, 2024, is provisionally set as the base date for the share exchange. After the completion of the share exchange, our company will hold 60% of the shares of Curious.

Following this transaction, Egis will complete its layout in high-speed transmission interface IPs and combine Curious' years of customer achievements in expanding the Japanese market, along with Egis's existing IP/ASIC Design Service and a team experienced in advanced to mature processes within the consortium. The end-to-end advanced process IP / ASIC platform will provide more comprehensive integration and solutions to Japanese customers, helping our company gain new growth momentum in Japan. This aligns with our new strategy for horizontal R&D and vertical sales in the IC industry and long-term development planning, enhancing group synergy, improving our competitiveness, and benefiting our shareholder equity.

Egis Technology Inc.

Statement on Internal Control System

Date: March 12, 2024

In accordance with the result of self-assessment on the internal control system for 2023, the Company hereby declares as follows:

I. The Company acknowledges and understands that the establishment, enforcement, and preservation of the internal control system are the responsibilities of the Board of Directors and managers of the Company, and the Company has already established such a system. The purpose of the system is to provide reasonable guarantee for the achievement of goals such as effectiveness and efficiency of business operations (including profitability, performance and security of assets, etc.), reliability, timeliness, and transparency of reporting, as well as compliance with relevant regulatory requirements.

II. There are inherent limitations to even the most well-designed internal control system. Thus, an effective internal control system can only reasonably ensure the achievement of the three aforementioned goals. Moreover, changes in the operating environment and circumstances may also affect the effectiveness of the internal control system. The internal control system of the Company features a self-monitoring mechanism. Once identified, any deficiency will be rectified immediately by the Company.

III. The Company determines the effectiveness of the internal control system in design and enforcement in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”), which are instituted for judging the effectiveness of internal control systems. The internal control system comprises five components as specified in “the Regulations” for judging the effectiveness of internal control systems, and these components are examined throughout the internal control process: 1. Control Environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring Operation. Each of the elements in turn contains several items. Please refer to “the Regulations” for details on the aforementioned items.

IV. The Company has adopted the aforementioned internal control system for the assessment on the effectiveness of the design and enforcement of the internal control system.

V. According to the findings of the aforementioned assessment, the Company holds that it is able to reasonably ensure the achievement of the aforementioned goals with the internal control system (including the monitoring and management of the subsidiaries) as of December 31, 2023, including understanding of the effectiveness and efficiency in operation, reliability, timeliness, and transparency in reporting, as well as compliance with relevant regulatory requirements, and that the design and enforcement of the internal control system are effective.

VI. This statement shall form an integral part of the annual report and prospectus of the Company, and will be announced to the public. If any fraudulent information, concealment, or unlawful practices are discovered in the content of the aforementioned information, the Company shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors of the Company on March 12, 2024 in the presence of nine directors, who concurred unanimously on the contents of this statement with no objection. This statement is hereby provided.

Egis Technology Inc.

Chairman: LO, SEN CHOU sign/seal

General Manager: LO, SEN CHOU sign/seal

Auditors' Report of Audit Committee

It is hereby approved that

The Board of Directors delivered the Company's parent-company-only financial statements and consolidated financial statements, business report and earnings distribution table for the year of 2023, among which the parent-company-only financial statements and consolidated financial statements for the year of 2023 had been audited by CPAs Pei-Chuan Huang and Chin-Chang Chen from PWC Taiwan, and an audit report had been accordingly issued.

The various documents prepared by the board of directors, after review by this Audit Committee and found to be compliant, are hereby reported in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Law. Please review the report.

2024 Annual General Meeting of Egis Technology Inc.

Audit committee convener: LIAO, CHUN-JIE

March 12, 2024

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Egis Technology Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Egis Technology Inc. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group’s 2023 consolidated financial statements are stated as follows:

Key audit matter - Allowance for inventory valuation losses

Descriptions

The Group is engaged in the design, manufacture and sales of integrated circuit related products. As the electronic products’ life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Refer to Note 4(13) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(6) for details of the allowance for inventory valuation losses.

As the Group operates in an environment characterised by rapidly changing technology, the determination of net realisable values of obsolete and slow-moving inventories involves subjective judgement and high degree of estimation uncertainty, and considering that the inventory and allowance for inventory valuation losses are material to the financial statements, we considered the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of the Group’s operations and industry to assess the reasonableness of provision policies on inventory valuation loss and allowance for inventory valuation losses.

B. Tested the basis of the net realisable value of individual inventory item numbers and selected samples to confirm the accuracy of the calculation of net realisable value.
C. Verified the accuracy of inventory aging report.

Key audit matter - Assessment of reasonableness of the allocation of acquisition price for the merger transaction

Description

In April 2023, the Group obtained control over Algoltek, Inc. and was therefore included as a consolidated entity. The merger transaction was accounted for in accordance with IFRS 3. For price allocation, refer to Note 6(31). Related subsequent allocation of acquisition price was completed in the third quarter of 2023.

As the net fair value of identifiable assets and liabilities and the allocation of goodwill for the merger transaction were based on management's assessment and involved accounting estimations and assumptions, we considered this equity price allocation transaction as one of the key audit matters.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. Additionally, we reviewed the estimation method for fair value of identified assets and assumed liabilities in the price allocation report prepared by external experts, and the reasonableness of key assumptions and the calculation of fair value used in the prediction of future cash flows of identified intangible assets to calculate goodwill. Our procedures also included the following:

A. Evaluated the competency and objectivity of the external appraiser engaged by the management.
B. Reviewed the valuation models used by external appraisers, assessed the reasonableness of the primary parameters, such as the expected growth rates and operating profit margin, by comparing with historical data, economic and industry forecasts documents.

C. Reviewed the reasonableness of weighted average cost of capital (WACC), the fair value of identifiable intangible assets, the determination of economic life of identifiable intangible assets, and the calculation of goodwill used in the price allocation report prepared by external experts.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method and information on investees disclosed in Note 13 which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$1,364,766 thousand and NT$1,396,881 thousand as at December 31, 2023 and 2022, constituting 10% and 12% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the share of loss recognised from associates accounted for under the equity method amounted to NT$146,229 thousand and NT$61,629 thousand, constituting 34% and 4% of the consolidated total comprehensive loss for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Egis Technology Inc. as at and for the year ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors’ responsibilities for the audit of the consolidated financial statements

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

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

A. 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.

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

Huang, Pei-Chuan	Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 21, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,878,928	14	$ 1,544,842	13
1110	Financial assets at fair value through profit or loss - current	6(2)	613,077	5	978,914	8
1120	Current financial assets at fair value through other comprehensive income	6(3)	23,224	-	26,223	-
1136	Current financial assets at amortised cost	6(4) and 8	878,373	7	698,116	6
1170	Accounts receivable, net	6(5)	524,008	4	600,870	5
1180	Accounts receivable due from related parties, net	7	5,309	-	4,098	-
1200	Other receivables		24,624	-	24,068	-
1210	Other receivables due from related parties	7	89,456	1	82,360	1
1220	Current tax assets		17,759	-	3,173	-
130X	Inventory	6(6)	842,714	6	1,633,962	14
1410	Prepayments	7	234,633	2	133,136	1
1470	Other current assets	6(20) and 8	38,574	-	33,344	-
11XX	**Total current assets**		5,170,679	39	5,763,106	48
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,033,882	8	921,242	8
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	2,416,485	18	1,934,377	16
1535	Non-current financial assets at amortised cost	6(4) and 8	22,489	-	35,486	-
1550	Investments accounted for using equity method	6(7)	1,388,262	11	1,771,707	15
1600	Property, plant and equipment	6(8)	196,205	1	129,750	1
1755	Right-of-use assets	6(9)	245,457	2	180,606	2
1780	Intangible assets	6(10)	2,259,128	17	882,999	7
1840	Deferred income tax assets	6(26)	345,163	3	287,056	2
1990	Other non-current assets	7	111,018	1	119,661	1
15XX	**Total non-current assets**		8,018,089	61	6,262,884	52
1XXX	**Total assets**		$ 13,188,768	100	$ 12,025,990	100

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 1,354,000	10	$ 1,238,584	10
2170	Accounts payable		363,350	3	243,915	2
2200	Other payables	6(12)	1,024,400	8	690,293	6
2220	Other payables to related parties	7	1,680	-	7,364	-
2230	Current income tax liabilities		6,533	-	100,695	1
2280	Current lease liabilities	6(9)	81,067	1	66,552	1
2320	Long-term liabilities, current portion	6(13)	481,486	4	423,636	3
2365	Current refund liabilities		58,036	-	89,376	1
2399	Other current liabilities	6(20) and 7	52,237	-	17,890	-
21XX	**Total current liabilities**		3,422,789	26	2,878,305	24
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(13)	792,214	6	1,273,700	11
2570	Deferred tax liabilities	6(26)	196,450	2	102,971	1
2580	Non-current lease liabilities	6(9)	174,253	1	124,043	1
2600	Other non-current liabilities		2,408	-	15,451	-
25XX	**Total non-current liabilities**		1,165,325	9	1,516,165	13
2XXX	**Total liabilities**		4,588,114	35	4,394,470	37
	Equity					
	Share capital	6(16)				
3110	Common stock		742,718	6	692,718	6
	Capital surplus	6(17)				
3200	Capital surplus		1,340,854	10	1,005,857	8
	Retained earnings	6(18)				
3310	Legal reserve		725,338	5	725,338	6
3320	Special reserve		857,729	7	75,368	1
3350	Unappropriated retained earnings		778,378	6	2,358,198	19
	Other equity interest	6(19)				
3400	Other equity interest		(473,690)	(4)	(857,729)	(7)
31XX	**Equity attributable to owners of parent**		3,971,327	30	3,999,750	33
36XX	**Non-controlling interests**	6(28)	4,629,327	35	3,631,770	30
3XXX	**Total equity**		8,600,654	65	7,631,520	63
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance of sheet date	11				
3X2X	**Total liabilities and equity**		$ 13,188,768	100	$ 12,025,990	100

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Sales revenue	6(20) and 7	$ 3,848,595	100	$ 3,289,300	100
5000	Operating costs	6(6)(25)	(2,672,884)	(70)	(2,126,936)	(65)
5900	Net operating margin		1,175,711	30	1,162,364	35
5910	Unrealized profit from sales		(81)	-	-	-
5950	Net operating margin		1,175,630	30	1,162,364	35
	Operating expenses	6(25) and 7				
6100	Selling expenses		(333,870)	(9)	(236,418)	(7)
6200	General and administrative expenses		(428,665)	(11)	(345,388)	(11)
6300	Research and development expenses		(1,558,658)	(40)	(1,542,376)	(47)
6450	Impairment gain determined in accordance with IFRS 9	6(5)	449	-	157	-
6000	Total operating expenses		(2,320,744)	(60)	(2,124,025)	(65)
6900	Operating loss		(1,145,114)	(30)	(961,661)	(30)
	Non-operating income and expenses					
7100	Interest income	6(21)	51,841	1	34,508	1
7010	Other income	6(22)	38,462	1	54,760	2
7020	Other gains and losses	6(23)	201,431	5	25,400	1
7050	Finance costs	6(24)	(59,909)	(1)	(33,303)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(170,147)	(4)	(50,771)	(2)
7000	Total non-operating income and expenses		61,678	2	30,594	1
7900	**Loss before income tax**		(1,083,436)	(28)	(931,067)	(29)
7950	Income tax benefit	6(26)	79,977	2	28,729	1
8200	**Loss for the year**		($ 1,003,459)	(26)	($ 902,338)	(28)

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Gains on remeasurements of defined benefit plans		$ 466	-	$ 6,344	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	565,685	15	(811,736)	(24)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(19)	1,087	-	(31,949)	(1)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		567,238	15	(837,341)	(25)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(19)	(1,611)	-	8,935	-
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(3)	1,678	-	(10,917)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(19)	1,965	-	4,317	-
8360	Other comprehensive income that will be reclassified to profit or loss		2,032	-	2,335	-
8300	**Other comprehensive income (loss) for the year, net of tax**		$ 569,270	15	($ 835,006)	(25)
8500	**Total comprehensive loss for the year**		($ 434,189)	(11)	($ 1,737,344)	(53)
	Loss attributable to:					
8610	Owners of parent		($ 721,998)	(19)	($ 852,837)	(27)
8620	Non-controlling interests		(281,461)	(7)	(49,501)	(1)
			($ 1,003,459)	(26)	($ 902,338)	(28)
	Comprehensive loss attributable to:					
8710	Owners of parent		($ 204,690)	(5)	($ 1,669,759)	(51)
8720	Non-controlling interests		(229,499)	(6)	(67,585)	(2)
			($ 434,189)	(11)	($ 1,737,344)	(53)
	Loss per share (in dollars)	6(27)				
9750	Basic earnings per share		($ 9.97)		($ 12.31)	
9850	Diluted earnings per share		($ 9.97)		($ 12.31)	

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings			Other Equity Interest				
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total
Year ended December 31, 2022											
Balance at January 1, 2022		$ 692,718	$ 968,659	$ 284,300	$ -	$ 4,450,106	($ 594)	($ 74,774)	$ 6,320,415	$ 12,135	$ 6,332,550
Loss		-	-	-	-	(852,837)	-	-	(852,837)	(49,501)	(902,338)
Other comprehensive income (loss)		-	-	-	-	1,177	8,167	(826,266)	(816,922)	(18,084)	(835,006)
Total comprehensive income (loss)		-	-	-	-	(851,660)	8,167	(826,266)	(1,669,759)	(67,585)	(1,737,344)
Appropriations and distribution of 2021 retained earnings:	6(18)										
Legal reserve		-	-	441,038	-	(441,038)	-	-	-	-	-
Special reserve		-	-	-	75,368	(75,368)	-	-	-	-	-
Cash dividends		-	-	-	-	(692,718)	-	-	(692,718)	-	(692,718)
Changes in ownership interests in subsidiaries		-	495	-	-	-	-	-	495	-	495
Proceeds from disposal of investments in debt instruments measured at fair value through other comprehensive income		-	-	-	-	-	-	11,978	11,978	-	11,978
Proceeds from disposal of investments accounted for using equity method		-	-	-	-	(30,975)	(7,530)	31,290	(7,215)	(1,651)	(8,866)
Changes in equity of associates accounted for using equity method		-	36,703	-	-	(149)	-	-	36,554	-	36,554
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	3,688,871	3,688,871
Balance at December 31, 2022		$ 692,718	$ 1,005,857	$ 725,338	$ 75,368	$ 2,358,198	$ 43	($ 857,772)	$ 3,999,750	$ 3,631,770	$ 7,631,520
Year ended December 31, 2023											
Balance at January 1, 2023		$ 692,718	$ 1,005,857	$ 725,338	$ 75,368	$ 2,358,198	$ 43	($ 857,772)	$ 3,999,750	$ 3,631,770	$ 7,631,520
Loss		-	-	-	-	(721,998)	-	-	(721,998)	(281,461)	(1,003,459)
Other comprehensive income		-	-	-	-	1,189	431	515,688	517,308	51,962	569,270
Total comprehensive income (loss)		-	-	-	-	(720,809)	431	515,688	(204,690)	(229,499)	(434,189)
Appropriations and distribution of 2022 retained earnings:	6(18)										
Special reserve		-	-	-	782,361	(782,361)	-	-	-	-	-
Cash dividends		-	-	-	-	(207,815)	-	-	(207,815)	-	(207,815)
Issuance of shares	6(16)	50,000	300,000	-	-	-	-	-	350,000	-	350,000
Disposal of equity instrument at fair value through other comprehensive income	6(3)	-	-	-	-	132,080	-	(132,080)	-	-	-
Changes in ownership interests in subsidiaries		-	21,713	-	-	(915)	-	-	20,798	538,276	559,074
Changes in equity of associates accounted for using equity method		-	13,284	-	-	-	-	-	13,284	-	13,284
Increase in non-controlling interests	6(28)	-	-	-	-	-	-	-	-	688,780	688,780
Balance at December 31, 2023		$ 742,718	$ 1,340,854	$ 725,338	$ 857,729	$ 778,378	$ 474	($ 474,164)	$ 3,971,327	$ 4,629,327	$ 8,600,654

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 1,083,436)	($ 931,067)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(25)	192,265	136,029
Amortisation	6(10)(25)	285,856	118,519
Expected credit gain	6(5)	(449)	(157)
Interest income	6(21)	(51,841)	(34,508)
Interest expense	6(24)	59,909	33,303
Dividend income	6(22)	(22,862)	(46,693)
Losses (gains) on disposals of property, plant and equipment		680	(1,674)
Losses on disposals of intangible assets		161	-
(Gains) losses on disposal of investments accounted for using equity method	6(23)	(59,875)	38,132
Loss on financial assets at fair value through profit or loss, net		-	11,978
Impairment loss		40,059	-
Gains from lease modification	6(9)(23)	(3,196)	-
(Gains) losses on financial assets at fair value through profit or loss, net	6(2)(23)	(193,596)	50,166
Losses on disposal of investments accounted for using equity method	6(7)	170,147	50,771
Share-based payments	6(15)(25)	34,330	25,863
Unrealized profit from sales		81	-
Losses on refundable deposits		18,836	-
Others		61	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable (including due from related parties)		93,002	330,213
Other receivables (including due from related parties)		1,912	(24,900)
Inventories		899,197	(392,848)
Prepayments		1,390	53,262
Other current assets		106	2,171
Changes in operating liabilities			
Accounts payable		70,149	(432,601)
Other payables (including due from related parties)		(138,500)	(178,607)
Current refund liabilities		(31,340)	14,237
Other current liabilities		(139,026)	(8,362)
Cash inflow (outflow) generated from operations		144,020	(1,186,773)
Interest received		50,644	33,235
Cash dividends received		22,862	46,693
Income taxes paid		(101,307)	(609,384)
Interest paid		(60,480)	(30,705)
Net cash flows from (used in) operating activities		55,739	(1,746,934)

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 77,828)	($ 654,329)
Proceeds from disposal of financial assets at fair value through profit or loss		546,497	660,812
Acquisition of financial assets at fair value through other comprehensive income		(123,634)	(1,977,688)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(29)	109,273	133,411
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		40,663	-
Decrease in financial assets at amortised cost		195,940	573,482
Acquisition of investments accounted for using equity method		-	(80,800)
Proceeds from disposal of investments accounted for using equity method		-	12,079
Acquisition of property, plant and equipment	6(29)	(95,050)	(43,292)
Proceeds from disposal of property, plant and equipment		5,192	5,665
Acquisition of intangible assets	6(29)	(203,184)	(150,320)
Proceeds from disposal of intangible assets		15	-
Collection of prepayments for investments		-	134,400
Cash flows generated from acquisition of subsidiaries	6(29)	(178,676)	1,261,522
Net cash flow from disposal of subsidiaries (net of cash disposed)		(2,817)	-
Decrease in other non-current assets		18,144	2,447
Net cash flows from (used in) investing activities		234,535	(122,611)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(30)	1,354,000	1,088,584
Decrease in short-term loans	6(30)	(1,238,584)	(100,000)
Proceeds from long-term debt	6(30)	-	993,700
Repayments of long-term debt	6(30)	(423,636)	(153,637)
Payments of lease liabilities	6(30)	(91,748)	(69,417)
Cash dividends paid	6(18)	(207,815)	(692,718)
Increase in other non-current liabilities	6(30)	105	15,445
Proceeds from issuance of shares	6(16)	350,000	-
Cash dividends paid by subsidiaries		(142,193)	-
Proceeds from issuance of shares by subsidiaries		438,291	-
Issuance of treasury shares to employees by subsidiaries		5,205	-
Net cash flows from financing activities		43,625	1,081,957
Effect of exchange rate changes		187	7,286
Net increase (decrease) in cash and cash equivalents		334,086	(780,302)
Cash and cash equivalents at beginning of year		1,544,842	2,325,144
Cash and cash equivalents at end of year		$ 1,878,928	$ 1,544,842

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Egis Technology Inc. (the “Company”) was incorporated on December 26, 2007 as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 30F, -1, No. 118, Ciyun Rd., East Dist., Hsinchu City, Taiwan. The Company and its subsidiaries (collectively the “Group”) are primarily engaged in the research, development, and sales of data security software, biometric identification software and hardware, wholesale of electronic material, development and design of IC and international trading.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 12, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) 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").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

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

B. The preparation of financial statements in conformity with 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") 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.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. 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.

(b) Inter-company transactions, balances and unrealised 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.

(c) 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.

(d) 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 recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised 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 recognised 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.

B. Subsidiaries included in the consolidated financial statements:

				Ownership (%)		
No.	Investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022	Description
1	Egis	Egis Technology (Japan) Inc. (Japan)	Customer service, business promotion and technical service	100.00	100.00	
2	〃	Egis Technology Korea Inc. (Korea)	Customer service, business promotion and technical service	100.00	100.00	
3	〃	OceanX Inc.	Holding activity	100.00	100.00	Note 1
4	〃	Luxsentek Microelectronics Corp.	Technology development	86.93	86.93	
5	〃	Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	100.00	100.00	
6	〃	Egis (Hong Kong) Limited	Holding activity	100.00	100.00	Note 2
7	〃	VASUBI Technology Inc.	Technology development	100.00	100.00	Note 3
8	〃	NUI Technology Inc.	Technology development	100.00	100.00	〃
9	〃	Taurus Wireless Inc.	Technology development	100.00	100.00	〃
10	〃	Transducer Star Technology INC. (Transducer Star)	Technology development	90.26	-	Note 4

No.	Investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Description
11	Egis	Alcor Micro, Corp. (Alcor)	Wholesale of electronic materials, development and design of integrated circuit and international trading, etc.	20.49	22.01	Notes 5 and 11
12	Egis and Alcor	StarRiver Semiconductor Corp. (Star River)	Design of integrated circuit and solution of product	62.27	-	Note 6
13	Alcor	Alcor Micro Technology, Inc. (AMTI)	Investment holdings	100.00	100.00	Note 5
14	〃	Chun-Feng Investment Limited (Chun-Feng)	General investment business	100.00	100.00	Note 5
15	〃	ENE Technology Inc. (ENE)	Development, design and sales of integrated circuit	17.67	17.65	Notes 5, 7 and 13
16	Alcor and Chun-Feng	Syncomm Technology Corp. (Syncomm)	Development, design and sales of integrated circuit	31.28	32.16	Notes 5, 7 and 12
17	〃	AlgolTek, Inc. (AlgolTek)	Development, design and sales of integrated circuit	31.84	-	Notes 7 and 8
18	Alcor and AlgolTek	Alcorlink Corp. (Alcorlink)	Development, design and sales of integrated circuit	100.00	49.99	Notes 5 and 8
19	Alcorlink	Egis Vision Inc.	Development, design and sales of integrated circuit	80.00	-	Note 9
20	AMTI	Alcor Micro Technology (ShenZhen) Ltd.	After sales service and collection of business intelligence	100.00	100.00	Note 5
21	〃	Alcor Micro Technology (H.K.) Limited (AMTHK)	Management and sales of electronic products	100.00	100.00	〃
22	ENE	ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	-	100.00	Note 10

Note 1: Sense Investment and Consulting Inc. was renamed as OceanX Inc. in 2023.

Note 2: Egis (Hong Kong) Limited was incorporated on August 17, 2015 and the capital injection has not yet been completed by the Group.

Note 3: VASUBI Technology Inc., NUI Technology Inc. and Taurus Wireless Inc. were established in 2022.

Note 4: The Group merged with Transducer Star Technology Inc. in 2023. Refer to Note 6(31) for details. The Board of Directors during its meeting on September 11, 2023 resolved to conduct a cash capital increase by issuing 1,000 thousand new shares. Egis will fully subscribe the capital increase, and consequently, the Group's ownership changed to 90.26%.

Note 5: Alcor was a subsidiary which was acquired on July 11, 2022. Although the Group's shareholding ratio in Alcor was less than 50%, the Group obtained the majority voting rights in the Board of Directors through effective agreements with other shareholders. Thus, Alcor was included in the consolidated financial statements. Refer to Note 6(7)C. for details.

Note 6: The Group's subsidiary, Alcor, acquired 55.00% of voting rights in StarRiver Semiconductor Corp. on October 24, 2023 and obtained control over StarRiver Semiconductor Corp. Therefore, the Company transferred the equity instruments that were originally classified as financial assets at fair value through other comprehensive income to investments accounted for using equity method. Together with the 7.27% of voting shares held by the Company, the Company and Alcor collectively held 62.27% of StarRiver Semiconductor Corp.

Note 7: The Group's subsidiary, Alcor, was the single major shareholder of Syncomm, ENE and AlgolTek. Although the direct shareholding ratio did not reach 50%, Alcor had substantial decision-making power on each companies' finance, operations and personnel administration, and in the conduct of their main business activities. Further, during the shareholders' meeting of each company, Alcor has obtained the majority voting right, and has substantial control power. Thus, they were included in the consolidated financial statements.

Note 8: Considering AlgolTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction. Additionally, due to the adjustment of the treasury shares, the exercise of employees' stock options and the retirement of restricted stocks, the Group's shareholding ratio as at December 31, 2023 was changed to 31.84%.

Note 9: Egis Vision was established on June 9, 2023. In order to implement reorganisation and work specialisation for enhancing competitiveness and operational performance, the Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its "Image Product Business" to Egis Vision Inc., which was 100% owned by Alcorlink. The spin-off effective date was set on July 1, 2023. The Board of Directors of Egis Vision during its meeting on August 10, 2023 resolved to conduct a cash capital increase by issuing 1,500 thousand new shares. As Alcorlink did not subscribe to the capital increase proportionately to its ownership, the Group's ownership decreased to 80.00%.

Note 10: ENE Technology Inc. sold all its equity interest in the subsidiary, ENE Touch, with the effective date set on April 20, 2023.

Note 11: Since Alcor issued restricted stocks, the Group's total shareholding ratio as at December

31, 2023 and 2022 were changed to 20.49% and 22.01%, respectively.

Note 12: Since Syncomm issued and retired restricted stocks, the Group's total shareholding ratio as at December 31, 2023 and 2022 were changed to 31.28% and 32.16%, respectively.

Note 13: Since ENE retired restricted stocks, the Group's total shareholding ratio as at December 31,2023 and 2022 were changed to 17.67% and 17.65%, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to $4,629,327 and $3,631,770, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest	
		December 31, 2023	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	$ 4,660,527	79.51%

		Non-controlling interest	
		December 31, 2022	
Name of subsidiary	Principal place of business	Amount	Ownership (%)
Alcor and its subsidiaries	Taiwan	$ 3,631,019	77.99%

Balance sheets

	December 31, 2023	December 31, 2022
	Alcor and its subsidiaries	Alcor and its subsidiaries
Current assets	$ 3,808,627	$ 3,457,179
Non-current assets	2,829,339	1,569,011
Current liabilities	(979,178)	(627,779)
Non-current liabilities	(309,461)	(154,284)
Total net assets	$ 5,349,327	$ 4,244,127

Statement of comprehensive income

	For the year ended December 31, 2023	From July 11, 2022 to December 31, 2022
	Alcor and its subsidiaries	Alcor and its subsidiaries
Revenue	$ 1,990,215	$ 781,947
Loss before income tax	($ 332,943)	($ 41,431)
Income tax benefit	39,808	17,160
Loss, net of tax	(293,135)	(24,271)
Other comprehensive income (loss)	67,348	(22,209)
Total comprehensive loss	($ 225,787)	($ 46,480)
Comprehensive (loss) income attributable to non-controlling interest	($ 227,677)	$ 58,231
Dividends paid to non-controlling interest	$ 142,193	$ -

Statement of cash flows

	For the year ended December 31, 2023	From July 11, 2022 to December 31, 2022
	Alcor and its subsidiaries	Alcor and its subsidiaries
Net cash from (used in) operating activities	$ 427,476	($ 128,876)
Net cash used in investing activities	(107,906)	(167,437)
Net cash from (used in) financing activities	200,687	(225,721)
Effect of exchange rate changes on cash and cash equivalents	(205)	(511)
Increase (decrease) in cash and cash equivalents	520,052	(522,545)
Cash and cash equivalents, beginning of year	819,418	1,341,963
Cash and cash equivalents, end of year	$ 1,339,470	$ 819,418

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associat, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) <u>Financial assets at fair value through profit or loss</u>

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

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

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

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

(8) <u>Financial assets at fair value through other comprehensive income</u>

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

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

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

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

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

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

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

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

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

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts receivable

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives (cost of leasehold improvements are allocated over the lease term). Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Information equipment	1 to 6 years
Research and development equipment	1 to 8 years
Leasehold improvements	1 to 10 years
Others	1 to 10 years

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

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

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

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

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

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

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

(c) Any initial direct costs incurred by the lessee.

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

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

(17) Intangible assets

A. Goodwill: Goodwill arising from the acquisition of subsidiary was included in intangible assets. Goodwill arising from investments accounted for using equity method was included in the carrying amount of investments. Goodwill is not amortised, and is measured at cost less accumulated impairment.

B. Patent and technical skill, customer relationship and software cost are stated at cost and amortised on a straight-line basis over its estimated useful lives as follows:

Patent and technical skill	3 to 15 years
Customer relationship	7 years
Software cost	1 to 4 years

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

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

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

When there is a legally enforceable right to offset recognized financial assets and liabilities, and there is an intention to settle on a net basis or to simultaneously realize the assets and settle the liabilities, financial assets and financial liabilities may be offset against each other and presented on a net basis in the balance sheet.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' remuneration

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

(24) Employee share-based payment

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

B. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) Before fulfilling vesting conditions, employees are not entitled to receive and subscribe shares and dividends.

(c) For restricted stocks where employees do not need to pay the price to acquire restricted stocks, if employees resign during the vesting period, the Company shall redeem those stocks without consideration and shall then be canceled.

(25) Income tax

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

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

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

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

(26) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's directors. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends in the Company's financial statements in the period in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) <u>Revenue recognition</u>

A. Sales of goods

(a) Revenue is recognised by the Company when control of the products has transferred. The transfer of control of the product means that the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for inspections have been satisfied.

(b) Revenue is recognised based on the price specified in the contract, net of sales discounts and allowances as basis. Sales discounts and allowances are estimated based on different contract terms and it is highly probable that a significant reversal in revenue recognised will not occur in the scope. As of the reporting date, the Company recognised the discounts and allowances amount estimated to be paid to customers as refund liability.

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

B. Revenue from licencing intellectual property

The Group entered into a contract with a customer to grant a licence of patents to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the licence to a customer at a point in time.

C. Rendering of services

(a) Revenues arising from providing entrusted design services according to contract specifications agreed upon by customers are recognised when control of the service result has transferred upon completion of the entrusted design services, being when the transaction result of providing service is delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the service result.

(b) A receivable is recognised when the service has been rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

D. Financing component

As the Group predicts the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(30) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

(1) Critical judgements in applying the Group's accounting policies

The Company held 22.01% of voting rights in Alcor, and was its single major shareholder. For the year ended December 31, 2022, the Company obtained 3 board seats, and on July 11, 2022, the Company obtained a support agreement from 2 other directors indicating that they support the Company's management strategy, and accordingly, the Company obtained substantial control over Alcor in the Board of Directors. Therefore, the Company recognised Alcor as its subsidiary and was included in the consolidated financial statements.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31 2023, the carrying amount of inventories was $842,714.

B. Evaluation of financial assets without active market

The valuation process of financial assets without active market, including the valuation method and related parameters and assumptions used, relies on the Group's subjective judgement, and significant changes may occur. As of December 31, 2023, the carrying amount of financial assets without active market was $1,645,761.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Refer to Note 6(10) for the information of goodwill impairment.

D. Impairment Assessment of Investments Accounted for Using the Equity Method

When there are indicators of impairment suggesting that an investment accounted for using the equity method may be impaired to the extent that its carrying amount cannot be recovered, the Group assesses the impairment of that investment. The Group evaluates the recoverable amount of the investment based on the present value of expected future cash flows from the investee and analyzes the reasonableness of related assumptions. As of December 31, 2023, the Group recognized an impairment loss on investments accounted for using the equity method of $1,388,262.

E. Realizability of Deferred Tax Assets

Deferred tax assets are recognized when it is probable that there will be sufficient taxable income available against which temporary differences can be utilized. Evaluating the realizability of deferred tax assets involves significant accounting judgments and estimates by management, including assumptions regarding expected future growth in sales revenue and profit margins, available tax credits, tax planning, and other factors. Changes in the global economic environment, industry conditions, and regulations can lead to significant adjustments to deferred tax assets. As of December 31, 2023, the Group recognized deferred tax assets of $345,163.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 1,581	$ 1,569
Checking accounts and demand deposits	1,448,268	1,283,118
Time deposits	429,079	260,155
	$ 1,878,928	$ 1,544,842

A. The above time deposits pertain to high liquidity investments with a maturity of less than 3 months.

B. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

C. The Group has no cash and cash equivalents pledged to others.

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

	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 507,287	$ 845,340
Principal protected note	90,420	120,249
Hybrid instrument - convertible bonds	10,910	-
Domestic listed stocks	4,460	-
Foreign unlisted stocks	-	13,325
	$ 613,077	$ 978,914
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Hybrid instrument - convertible bonds	$ 157,179	$ 177,473
Beneficiary certificates	198,353	176,416
Domestic listed stocks	472,966	409,247
Domestic unlisted stocks	100,839	158,106
Foreign unlisted stocks	104,545	-
	$ 1,033,882	$ 921,242

A. For the years ended December 31, 2023 and 2022, the Group recognised gain (loss) on financial assets at fair value through profit or loss in the amount of $193,596 and ($50,166), respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to fair value of financial assets at fair value through profit or loss is provided in Note 12(3).

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

	December 31, 2023	December 31, 2022
Current items:		
Debt instrument		
Bonds	$ 19,500	$ 21,556
Equity instrument		
Domestic listed stocks	3,724	4,667
	$ 23,224	$ 26,223
Non-current items:		
Debt instrument		
Bonds	$ 5,605	$ 5,143
Equity instrument		
Domestic listed stocks	1,381,935	903,814
Domestic unlisted stocks	714,275	637,910
Foreign listed stocks	19,005	66,792
Foreign unlisted stocks	295,665	320,718
	$ 2,416,485	$ 1,934,377

A. The Group designated the investments shown above as debt instruments as financial assets at fair value through other comprehensive income, because these debt instruments represent those investments that the Group holds within a business model whose objective is achieved by both collecting the contractual cash flows and by selling financial assets.

B. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,414,604 and $1,933,901 as at December 31, 2023 and 2022, respectively.

C. Aiming to satisfy the Group's operating plan, the Group sold 916 thousand shares of ION ELECTRONIC MATERIALS CO., LTD. at fair value of $100,403 which resulted in cumulative gain on disposal of $77,503 during the year ended December 31, 2023.

The Group redeemed the bonds at face value at the maturity date in the amount of $9,803. Due to the acquisition of control over StarRiver by the subsidiary, the Group transferred the equity instruments that were originally classified as financial assets at fair value through other comprehensive income to investments accounted for using equity method which resulted in cumulative gain on disposal of $54,477 on October 24, 2023. Refer to Note 6(31) for details.

No strategic investments were disposed for the year ended December 31, 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 565,685	($ 811,736)
Cumulative gains reclassified to retained earnings due to derecognition	$ 132,080	$ -
Dividend income recognised in profit or loss		
Held at end of period	$ 12,208	$ 43,887
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 1,678	($ 10,917)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to derecognition	$ -	$ 11,978
Interest income recognised in profit or loss	$ 1,321	$ 3,960

E. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the recognised carrying amount of financial assets.

F. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

G. Information relating to the fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Financial assets at amortised cost

	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	$ 625,674	$ 426,614
Pledged time deposits	225,682	256,454
Bonds	27,017	15,048
	$ 878,373	$ 698,116
Non-current items:		
Pledged time deposits	$ 7,467	$ 8,144
Bonds	15,022	27,342
	$ 22,489	$ 35,486

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the recognised carrying amount of financial assets.

B. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31	
	2023	2022
Interest income	$ 24,154	$ 7,317

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

E. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 524,109	$ 600,876
Less: Allowance for uncollectible accounts	(101)	(6)
	$ 524,008	$ 600,870

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 514,916	$ 597,496
Up to 30 days	2,786	3,303
31 to 90 days	6,407	77
	$ 524,109	$ 600,876

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $608,734.

C. The Group had no accounts receivable pledged to others as collateral.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was the recognised carrying amount of the financial assets.

E. The Group comprehensively considered the geographic area, product types and credit rating of each customer. The Group applies the modified approach using a provision matrix to estimate the expected credit loss. The Group used the consideration of forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the Group's expected credit loss rates were not significant.

F. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 6	$ -
Expected credit gain	(449)	(157)
Others	544	163
At December 31	$ 101	$ 6

G. Information relating to credit risk of accounts receivable is provided in Note 12(2).

H. The Group has not pledged accounts receivable as collateral.

I. The Group has obtained collaterals, including time deposits, promissory notes, and fixed assets, from some customers based on credit terms as guarantees for credit enhancement of accounts receivable.

(6) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 326,419	$ 790,425
Work in progress	412,770	664,691
Finished goods	103,525	178,147
Goods in transit	-	699
	$ 842,714	$ 1,633,962

A. For the years ended December 31, 2023 and 2022, the inventory costs which were recognised as cost of goods sold were $2,666,978 and $2,118,053, respectively. Further, certain inventories were written off to net realisable value, and the Company recognised inventories valuation loss amounting to $297,958 and $72,049 for the years ended December 31, 2023 and 2022, respectively.

B. The Group has no inventories pledged to others.

C. To secure the steady supply of wafer capacity, in June 2021, the Group's subsidiary signed a purchase agreement for pre-order capacity with a supplier, and paid guarantee of US$1,000 thousand, of which US$675 thousand was recognised as a loss in 2023 since the subsidiary did not meet the purchase quantity requirement under the contract, and the remaining balance of US$325 thousand was accounted as other current assets as of December 31, 2023.

D. ENE Technology Inc. signed a long-term contract with its supplier, indicating its commitment to outsource a minimum quantity to the supplier. Any loss from non-fulfillment of the contract was recognised as current cost.

(7) Investments accounted for using equity method

A. Details of investments accounted for using equity method are as follows:

	December 31, 2023		December 31, 2022	
Company name	Shareholding ratio	Amount	Shareholding ratio	Amount
iCatch Technology, Inc. (iCatchtek)	18.84%	$ 1,086,047	18.91%	$ 1,169,344
SCT Holdings Ltd. (SCT)	19.51%	278,719	20.00%	367,339
Terawins, Inc.	17.65%	23,496	-	-
AlgolTek, Inc. (AlgolTek)	-	-	20.13%	227,537
Egis Innovation Fund G.P., Ltd. (Note 1)	-	-	50.00%	7,487
Vitrio Technology Corporation (Note 2)	-	-	50.00%	-
		$ 1,388,262		$ 1,771,707

Note 1: The associate is currently in the process of liquidation.

Note 2: The carrying amount was $0 since the amount of loss on investment has reached its holding cost as of December 31, 2022. The associate had been liquidated in 2023.

B. Share of profit (loss) of associates accounted for using equity method are as follows:

	Years ended December 31	
Company name	2023	2022
iCatch Technology, Inc. (iCatchtek) (Note 1)	($ 86,749)	($ 57,225)
SCT Holdings Ltd. (SCT) (Note 2)	(61,445)	(5,924)
Terawins, Inc. (Terawins)	(16,822)	-
AlgolTek, Inc. (AlgolTek)	(5,115)	(3,790)
Egis Innovation Fund G.P., Ltd. (Egis Innovation) (Note 3)	(16)	(13)
Alcor Micro, Corp. (Alcor)	-	16,181
	($ 170,147)	($ 50,771)

Note 1: For the years ended December 31, 2023, and 2022, share of loss of iCatchtek was recognised based on the financial statements audited by other auditors.

Note 2: For the year ended December 31, 2023, share of loss of SCT was recognised based on the financial statements audited by other auditors.

Note 3: The Company’s loss on investment in Egis Innovation was insignificant and was recognised based on the investee's unaudited financial statements as of December 31, 2023.

C. The Group was the single major shareholder of Alcor. Based on the attendance in the shareholders’ meeting and the result of reelection of directors of Alcor on June 15, 2022, as well as the effective agreements obtained from other shareholders on July 11, 2022, the Group has obtained majority voting rights in the Board of Directors of Alcor. As the Group was assessed to have the ability to exercise significant influence over Alcor's operations, Alcor was included in the Group’s consolidated financial statements starting from July 11, 2022. Refer to Note 6(31) for details.

D. In December 2021, the Group invested the amount of $652,000 in iCatchtek and acquired 11.83% equity interest. In January 2022, the Group acquired an additional ownership of $537,600 in iCatchtek through public offering, resulting in the Group’s ownership in iCatchtek to increase to 21.03%. As the Group has significant influence over iCatchtek, the investment was accounted for using equity method. Additionally, on November 2, 2022, iCatchtek processed a cash capital increase by issuing new shares, and the Group did not subscribe to the capital increase proportionately to its ownership, resulting in the decrease in the Group’s ownership to 18.91%. However, the Group still held 3 board seats and accordingly, has significant influence over iCatchtek.

Since iCatchtek issued restricted stocks, the Group’s total shareholding ratio as at December 31, 2023 and 2022 were changed to 18.84% and 18.91%, respectively.

E. In April 2022, the Group invested the amount of $73,300 in SCT and acquired 4% equity interest. In addition, the convertible bonds held by the Group have been converted into common stock of SCT's, resulting in the Group's ownership in SCT to increase to 20%. As the Group has significant influence over SCT, the investment was accounted for using equity method. Additionally, on February 3, 2023, SCT processed a cash capital increase by issuing new shares, and the Group did not subscribe to the capital increase proportionately to its ownership, resulting in the decrease in the Group's ownership to 19.51%. As the losses recognized on the investment in SCT exceeded the investment cost, an assessment of the recoverable amount from SCT was conducted for the fiscal year 2023. The recoverable amount was determined based on value-in-use calculations.

   The main assumptions used in calculating value-in-use are operating profit margin, growth rate and discount rate. The discount rate before tax used in calculating value-in-use was 19.57% on December 31, 2023. Impairment loss from recognising investments accounted for using equity method amounting to $40,059 was shown as 'other gains and losses'.

F. The Group was the single major shareholder of AlgolTek. As of March 31, 2023, the Group had no significant influence and does not hold over half of the seats in the Board of Directors based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. Accordingly, the Group had no majority voting rights. These factors showed that the Group did not have the actual ability to unilaterally control the related activities of AlgolTek, therefore, the Group only had significant influence on but not control over AlgolTek.

   Subsequently, considering AlgolTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction, and was the single major shareholder of AlgolTek. The Group had the ability to exercise significant influence over AlgolTek's operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. Thus, AlgolTek was included in the Group's consolidated financial statements since April 1, 2023. Refer to Notes 4(3) and 6(31) for details.

G. The Group held 5,360 thousand shares of Terawins, Inc.'s common stocks, and the shareholding ratio was 17.65%. As the Group serves as the corporate director of the associate and has two directors out of seven in its Board, the Group has significant influence over it, and accordingly, the investment was accounted for using equity method.

H. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheets

	iCatchtek	
	December 31, 2023	December 31, 2022
Current assets	$ 1,715,128	$ 1,801,284
Non-current assets	165,499	129,531
Current liabilities	(162,063)	(155,656)
Non-current liabilities	(15,022)	(31,749)
Total net assets	$ 1,703,542	$ 1,743,410
Share in associate's net assets	$ 320,947	$ 329,679
Goodwill	166,580	166,580
Excess of investments accounted for using equity method	598,520	673,085
Carrying amount of the associate	$ 1,086,047	$ 1,169,344

	SCT	
	December 31, 2023	December 31, 2022
Current assets	$ 301,614	$ 762,561
Non-current assets	42,151	66,412
Current liabilities	(467,798)	(630,928)
Non-current liabilities	(3,919)	(7,484)
Total net assets	($ 127,952)	$ 190,561
Share in associate's net assets	$ -	$ 38,112
Goodwill	200,779	240,838
Excess of investments accounted for using equity method	77,940	88,389
Carrying amount of the associate	$ 278,719	$ 367,339

	AlgolTek
	December 31, 2022
Current assets	$ 803,589
Non-current assets	150,412
Current liabilities	(103,860)
Non-current liabilities	(22,227)
Total net assets	$ 827,914
Share in associate's net assets	$ 166,779
Excess of investments accounted for using equity method	60,875
Unrealised gain	(117)
Carrying amount of the associate	$ 227,537

Statement of comprehensive income (loss)

	Alcor
	January 1, 2022 to July 10, 2022
Revenue	$ 823,842
Profit for the year	125,788
Other comprehensive loss	(135,703)
Total comprehensive loss	($ 9,915)
Share of income for the year	$ 16,181

	iCatchtek	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	$ 1,100,668	$ 1,093,183
(Loss) profit for the year	($ 64,498)	$ 69,640
Other comprehensive income (loss)	9,027	(3,243)
Total comprehensive (loss) income	($ 55,471)	$ 66,397
Share of loss for the year	($ 86,749)	($ 57,225)

	SCT	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	$ 468,217	$ 1,057,504
Loss for the year	($ 368,157)	($ 22,457)
Other comprehensive income	3,112	2,716
Total comprehensive loss	($ 365,045)	($ 19,741)
Share of loss for the year	($ 61,445)	($ 5,924)

	AlgolTek	
	Year ended December 31, 2023	July 11, 2022 to December 31, 2022
Revenue	$ 55,353	$ 135,503
Loss for the year	($ 25,408)	($ 17,813)
Other comprehensive income (loss)	645	(18)
Total comprehensive loss	($ 24,763)	($ 17,831)
Share of income (loss) for the year	$ 5,115	($ 3,790)

I. The Group's material associate, iCatchtek, has quoted market prices. As of December 31, 2023, the fair value was $1,308,600. The Group's material associates, iCatchtek and AlgolTek, have quoted market price. As of December 31, 2022, the fair value was $720,000 and $242,445, respectively.

(8) Property, plant and equipment

	2023				
	Information equipment	Development equipment	Leasehold improvements	Others	Total
At January 1					
Cost	$ 90,445	$ 190,775	$ 33,398	$ 100,475	$ 415,093
Accumulated depreciation	(68,704)	(136,503)	(23,448)	(56,688)	(285,343)
	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ 129,750
At January 1	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ 129,750
Additions	12,309	41,736	16,354	28,493	98,892
Acquired from business combinations	67	26,200	6,189	38,188	70,644
Disposals	(197)	(3,444)	(1,360)	(871)	(5,872)
Depreciation charge	(16,577)	(36,430)	(8,796)	(35,398)	(97,201)
Net exchange differences	7	(1)	-	(14)	(8)
At December 31	$ 17,350	$ 82,333	$ 22,337	$ 74,185	$ 196,205
At December 31					
Cost	$ 98,431	$ 252,811	$ 53,125	$ 156,476	$ 560,843
Accumulated depreciation	(81,081)	(170,478)	(30,788)	(82,291)	(364,638)
	$ 17,350	$ 82,333	$ 22,337	$ 74,185	$ 196,205

	2022					
	Information equipment	Development equipment	Leasehold improvements	Others	Unfinished construction	Total
At January 1						
Cost	$ 83,167	$ 79,275	$ 21,122	$ 38,479	$ -	$ 222,043
Accumulated depreciation	(48,276)	(45,488)	(9,530)	(24,025)	-	(127,319)
	$ 34,891	$ 33,787	$ 11,592	$ 14,454	$ -	$ 94,724
At January 1	$ 34,891	$ 33,787	$ 11,592	$ 14,454	$ -	$ 94,724
Additions	9,044	24,546	2,191	11,851	-	47,632
Acquired from business combinations	-	20,204	2,999	30,510	4,458	58,171
Disposals	-	-	-	(3,991)	-	(3,991)
Transfers	-	-	-	4,458	(4,458)	-
Depreciation charge	(22,198)	(24,267)	(6,830)	(13,494)	-	(66,789)
Net exchange differences	4	2	(2)	(1)	-	3
At December 31	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ -	$ 129,750
At December 31						
Cost	$ 90,445	$ 190,775	$ 33,398	$ 100,475	$ -	$ 415,093
Accumulated depreciation	(68,704)	(136,503)	(23,448)	(56,688)	-	(285,343)
	$ 21,741	$ 54,272	$ 9,950	$ 43,787	$ -	$ 129,750

The Group has no pledged property, plant and equipment.

(9) Lease transactions－lessee

	December 31, 2023	December 31, 2022
Right-of-use assets:		
Buildings and structures	$ 236,193	$ 176,606
Transportation equipment (Business vehicles)	5,038	2,440
Machinery and equipment	667	1,167
Other equipment	3,559	393
	$ 245,457	$ 180,606
Lease liability:		
Current	$ 81,067	$ 66,552
Non-current	174,253	124,043
	$ 255,320	$ 190,595

A. The Group leases various assets including building, business vehicles, machinery and equipment and parking spaces. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The depreciation charge of right-of-use assets are as follows:

	Years ended December 31	
	2023	2022
Buildings and structures	$ 91,346	$ 66,904
Transportation equipment (Business vehicles)	2,075	1,314
Machinery and equipment	500	333
Other equipment	1,143	689
	$ 95,064	$ 69,240

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $185,033 and $70,905, respectively.

D. Short-term leases with a lease term of 12 months or less comprise parking spaces and warehouse. Low-value assets comprise multifunction printers and drinking fountain.

E. The information on profit or loss accounts relating to lease contracts is as follows:

	Years ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 5,748	$ 2,698
Expense on short-term lease contracts	13,121	4,654
Expense on leases of low-value assets	1,157	407
Expense on variable lease payments	219	182
Gains arising from lease modifications	3,196	-

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $111,994 and $77,358, respectively.

G. For the year ended December 31, 2023, due to the earlier termination of the lease contract and adjustment of the rent-free period, the Group's right-of-use assets and lease liabilities on December 31, 2023 decreased by $50,162 and $53,358, respectively.

H. Variable lease payments:

Some of the Group's lease contracts contain variable lease payment terms, whereby the payments were calculated and expenses were recognised based on the quantity actually used during the period.

(10) Intangible assets

	2023					
	Goodwill	Patents	Acquired special technology	Customer relationship	Software cost	Total
At January 1						
Cost	$ 181,949	$ 218,828	$ 97,355	$ 395,199	$ 251,272	$ 1,144,603
Accumulated amortisation	-	(57,428)	(69,520)	(33,370)	(101,286)	(261,604)
	$ 181,949	$ 161,400	$ 27,835	$ 361,829	$ 149,986	$ 882,999
At January 1	$ 181,949	$ 161,400	$ 27,835	$ 361,829	$ 149,986	$ 882,999
Additions - acquired separately	-	-	5,236	-	362,862	368,098
Additions - acquired through business combinations (Note 1)	710,878	10,395	559,450	3,137	6,881	1,290,741
Disposals	-	-	-	-	(176)	(176)
Reclassification (Note 2)	-	-	15,358	-	(12,036)	3,322
Amortisation charge	-	(53,809)	(36,646)	(73,014)	(122,387)	(285,856)
At December 31	$ 892,827	$ 117,986	$ 571,233	$ 291,952	$ 385,130	$ 2,259,128
At December 31						
Cost	$ 892,827	$ 243,119	$ 680,967	$ 402,071	$ 603,429	$ 2,822,413
Accumulated amortisation	-	(125,133)	(109,734)	(110,119)	(218,299)	(563,285)
	$ 892,827	$ 117,986	$ 571,233	$ 291,952	$ 385,130	$ 2,259,128

	2022					
	Goodwill	Patents	Acquired special technology	Customer relationship	Software cost	Total
At January 1						
Cost	$ 111,403	$ 47,886	$ 112,078	$ -	$ 92,085	$ 363,452
Accumulated amortisation	-	(26,524)	(65,716)	-	(76,965)	(169,205)
	$ 111,403	$ 21,362	$ 46,362	$ -	$ 15,120	$ 194,247
At January 1	$ 111,403	$ 21,362	$ 46,362	$ -	$ 15,120	$ 194,247
Additions - acquired separately	-	16,652	1,586	-	151,570	169,808
Additions - acquired through business combinations (Note 3)	75,122	151,039	11,043	395,199	23,817	656,220
Disposals - reduced due to liquidation of subsidiary (Note 4)	(4,576)	-	(14,179)	-	-	(18,755)
Amortisation charge	-	(27,654)	(16,976)	(33,370)	(40,519)	(118,519)
Net exchange differences	-	-	-	-	(2)	(2)
At December 31	$ 181,949	$ 161,399	$ 27,836	$ 361,829	$ 149,986	$ 882,999
At December 31						
Cost	$ 181,949	$ 218,828	$ 97,355	$ 395,199	$ 251,272	$ 1,144,603
Accumulated amortisation	-	(57,429)	(69,519)	(33,370)	(101,286)	(261,604)
	$ 181,949	$ 161,399	$ 27,836	$ 361,829	$ 149,986	$ 882,999

Note 1: It was generated from the Group's merger with Transducer Star, StarRiver and AlgolTek. Refer to Note 6(31) for details of business combination.

Note 2: Pertains to a transfer to prepayments and other current assets and a transfer from other non-current assets.

Note 3: It was generated from the Group's merger with Alcor. Refer to Note 6(31) for details of business combination.

Note 4: A company that completed liquidation in 2022.

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31	
	2023	2022
Operating costs	$ 581	$ 57
Selling expenses	73,226	33,727
General and administrative expenses	5,892	6,380
Research and development expenses	206,157	78,355
	$ 285,856	$ 118,519

B. The Group has no intangible assets pledged to others.

C. Goodwill is allocated as follows to the Group's cash-generating units:

	December 31, 2023	December 31, 2022
Biometric sensor chip and its application	$ 106,827	$ 106,827
USB control chip and automotive sensor chip	594,847	75,122
Wearable electroacoustic products and its application	5,159	-
Multimedia video converter control chip and its application	185,994	-
	$ 892,827	$ 181,949

D. The Group's goodwill arose from business combinations in order to improve benefit comprising of potential customer relations and operating revenue in the location of acquired companies. Based on IAS 36, goodwill acquired in a business combination should be tested at least annually for impairment. For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination.

In assessing the impairment of goodwill, for the goodwill of USB control chip and multimedia video converter control chip, the recoverable amount is the higher of the fair value less costs of disposal and value-in-use (fair value is calculated by using 0%~20% of the discount for lack of marketability adjusted based on the quoted prices of cash-generating units in active markets); for other goodwill, the impairment is calculated based on value-in-use and carrying amount of each cash-generating unit. The main assumptions used in calculating value-in-use are operating profit margin, growth rate and discount rate.

The growth rates of operating revenue used by the management are consistent with the forecasts included in industry reports. The adopted discount rate is a pre-tax rate measured at Taiwan government 10-year bond yield. Risk premium will be added in order to reflect the incremental risk in equities for general investments and the cash generating unit's specific systematic risk.

The discount rate used in calculating value-in-use was 13.90% and 9.62% on December 31, 2023 and 2022, respectively.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired.

(11) Short-term borrowings

Type of borrowings	December 31, 2023	December 31, 2022
Bank borrowings		
Unsecured borrowings	$ 1,194,000	$ 1,042,584
Secured borrowings	160,000	196,000
	$ 1,354,000	$ 1,238,584
Undrawn facilities	$ 803,050	$ 1,677,596
Interest rate range	1.71%～2.81%	1.39%～2.68%

Information about the collateral that was pledged for short-term borrowings is provided in Note 8.

(12) Other payables

	December 31, 2023	December 31, 2022
Payable on wages, salaries and bonuses	$ 303,373	$ 310,239
Payable on investment funds	228,237	-
Payable on acquisition of intangible assets	222,341	47,344
Payable on software licensing fees	70,484	117,570
Payable on raw materials for behalf of subsidiary companies	41,893	-
Payable on employees' compensation and directors' remuneration	19,381	37,726
Payable on research, development and testing expenses	16,974	44,818
Payable on professional service fees	13,066	20,767
Payable on royalties	9,167	46,195
Payable on machinery and equipment	9,141	4,340
Payable on technical service expenditures	7,460	13,537
Others	82,883	47,757
	$ 1,024,400	$ 690,293

(13) Long-term borrowings

Type of borrowings	December 31, 2023	December 31, 2022
Long-term bank borrowings		
Unsecured borrowings	$ 358,000	$ 785,878
Secured borrowings	915,700	911,458
	1,273,700	1,697,336
Less: Current portion	(481,486)	(423,636)
	$ 792,214	$ 1,273,700
Undrawn facilities	$ 870,400	$ 366,300
Maturity year	2024-2027	2023-2027
Interest rate range	1.90%~2.24%	1.27%～2.69%

A. Compliance with borrowing contracts

In accordance with the regulations of the borrowing contracts between the Group and certain creditor banks, the Group shall prepare consolidated financial statements semiannually during the term of the borrowings and maintain the financial ratios agreed by both parties. If the agreed ratios are not met, the borrowing interest rate shall be raised as specified in the contracts.

For the fourth quarter of 2023 and 2022, the Group was not able to meet the required net asset value, current ratio and interest coverage ratio as agreed with certain creditor banks and accordingly, the creditor banks had to increase the borrowing interest rate in accordance with the contracts. Abovementioned matters have no significant impact to the Group.

B. Information regarding the collateral that was pledged for long-term borrowings is provided in Note 8.

(14) Pensions

A. (a) The domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 2,912)	($ 20,363)
Fair value of plan assets	14,265	46,526
Net defined benefit assets (Note)	$ 11,353	$ 26,163

Note: Accounted as other non-current assets.

(c) Movements in net defined benefit assets are as follows:

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 20,363)	$ 46,526	$ 26,163
Interest (expense) income	(205)	583	378
Settlement profit or loss	590	-	590
	(19,978)	47,109	27,131
Remeasurements:			
Return on plan assets (Note)	-	228	228
Change in financial assumptions	(59)	-	(59)
Experience adjustments	297	-	297
	238	228	466
Paid pension	2,442	(2,442)	-
Settlement of payment	14,386	(8,402)	5,984
Recovered plan assets	-	(22,228)	(22,228)
At December 31	($ 2,912)	$ 14,265	$ 11,353

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	$ -	$ -	$ -
Interest (expense) income	-	-	-
	-	-	-
Remeasurements:			
Return on plan assets (Note)	-	3,436	3,436
Change in financial assumptions	2,763	-	2,763
Experience adjustments	145	-	145
	2,908	3,436	6,344
Paid pension	1,063	(1,063)	-
Effect of business combination	(24,334)	44,153	19,819
At December 31	($ 20,363)	$ 46,526	$ 26,163

Note: Excluding amounts included in interest income or expense.

(d) The Bank of Taiwan was commissioned to manage the Fund of the domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The domestic subsidiaries have no right to participate in managing and operating that fund and hence the domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31	
	2023	2022
Discount rate	1.2%-1.875%	1.4%-2.0%
Future salary increases	2.5%-4.5%	2.5%-4.5%

Assumptions regarding future mortality rate, estimates for 2023 and 2022 are set based on 'The Sixth Empirical Life Table of Taiwan Life Insurance Industry'.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 216)	$ 226	$ 215	($ 208)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 709)	$ 741	$ 711	($ 685)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) As of December 31, 2023, the Group did not make contributions to the retirement fund as the balance of the retirement fund had exceeded the present value of defined benefit obligation.

B. (a) The Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Other overseas entities have established a defined contribution plan under the local regulations and contribute a certain percentage of the salaries and wages of the local employees to the endowment insurance or pension fund. Other than the annual contributions, the entities have no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $50,302 and $41,048, respectively.

(Blank)

(15) Share-based payment

A. As of December 31, 2023, the Group's share-based payment arrangements were as follows:

Issuing entity	Type of arrangement	Grant date	Quantity granted (unit in thousands)	Number of shares available for subscription per unit	Contract period	Vesting conditions
Luxsentek	Employee stock options	2022.01.21 ~ 2022.02.25 (Note 1)	2,586	1	3 years	Three years of service (Notes 2 and 3)
Alcor	Restricted stocks to employees	2023.03.20	723	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 4)
"	"	2022.01.03	477	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 5)
			910			Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 6)
ENE	"	2022.05.10	20	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
"	"	2022.03.16	980	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 7)
Syncomn	"	2023.02.01	300	1	3 years	Graded vesting at a cetain percentage upon one year of service and achieving the required KPI (Note 8)
"	"	2022.03.17	700	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Note 8)
Alcorlink	"	2021.11.05	1,000	1	3 years	Graded vesting at a certain percentage upon one year of service and achieving the required KPI (Notes 9 and 10)
"	Treasury shares transferred to employees	2023.01.13	274	N/A	N/A	Vested immediately
AlgolTek	Employee stock options	2017.7.3	1,000	1	6 years	After 3 years from the date of grant, an employee may exercise the options at a certain percentage as prescribed in the option plan.
Syncomn	Employee subscription reserved for cash capital increase	2023.10.16	1,090	1	N/A	Vested immediately (Note 11)
Egis Vision Inc.	"	2023.8.10	1,500	N/A	N/A	Vested immediately
"	"	2023.12.5	4,000	N/A	N/A	Vested immediately

(a) The employee stock options issued by Luxsenteck Microelectronics Corp. cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method during the vesting period.

(b) The restricted stocks issued by Alcor and Alcorlink cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method and have no rights to participate in the allocation (subscription) of dividends to original shareholders before meeting the vesting conditions.

(c) The restricted stocks issued by Syncomm and ENE cannot be sold, pledged, transferred, gifted, collateralised or disposed in any other method before meeting the vesting conditions.

The share-based payment arrangements above are settled by equity.

Note 1: Grant date was set between January 21, 2022 to February 25, 2022 based on the date signing stock reward agreement with employees.

Note 2: After working for 3 years from the date of grant, employees may exercise the options in accordance with certain schedules as prescribed in the option plan.

Note 3: As of December 31, 2023, all of the employees who signed the stock reward agreement did not meet the requirements of the agreement as they resigned, were dismissed or were transferred to associates under 3 years of service, resulting in the expiration of the employee stock options.

Note 4: Whether the vesting conditions have been met will be determined on March 31 each year and the restrictions on rights will be lifted from April 22 each year (postponed when the day falls on a public holiday).

Note 5: Whether the vesting conditions have been met will be determined on December 31 each year and the restrictions on rights will be lifted from January 31 each year (postponed when the day falls on a public holiday).

Note 6: Whether the vesting conditions have been met will be determined on December 31 each year and the restrictions on rights will be lifted from February 25 each year (postponed when the day falls on a public holiday).

Note 7: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 20%, 30% and 50%, respectively.

Note 8: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 35% and 35%, respectively.

Note 9: Restricted stocks granted will be available to employees who meet certain performance requirements and are still employed after one year, two years and three years after the grant date at the rate of 30%, 30% and 40%, respectively.

Note 10: As a result of the share swap, AlgolTek assumed the performance obligation of employee restricted stocks initially issued by Alcorlink starting from the effective date of the share swap. Therefore, the underlying shares were changed from Alcorlink to AlgolTek, and the conversion price and quantity granted were adjusted based on the share swap ratio. The number of shares subscribable per unit was adjusted based on the share swap ratio of 1:0.6, and the quantity granted was changed from 1,000 thousand shares to 600 thousand shares.

Note 11: After the benchmark date for self-capital increase, certain employees are eligible to acquire 50% of the shares upon completing six months of service, and 100% upon completing one year of service.

B. Details of the restricted stocks to employees are as follows:

(a) Alcor:

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	274	432
Stocks issued	723	477
Stocks vested	(11)	(524)
Stocks expired	(688)	(111)
Ending balance of restricted stocks	298	274

As of December 31, 2023, a total of 454 thousand units of expired shares have been cancelled, while the remaining 234 thousand units await cancellation pending approval from the board of directors.

(b) Alcorlink (had been converted to AlgolTek's restricted stocks):

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	600	1,000
Stocks vested	(131)	-
Stocks expired	(133)	-
Ending balance of restricted stocks	336	1,000

The above stock options had been converted from Alcorlink's shares into AlgolTek's shares at a ratio of 1:0.6.

(c) Syncomm:

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	700	-
Stocks issued	300	700
Stocks vested	(201)	-
Stocks retired	(9)	-
Ending balance of restricted stocks	790	700

(d) ENE:

	Years ended December 31	
	2023	2022
	Number (in thousands)	Number (in thousands)
Beginning balance of restricted stocks	1,000	-
Stocks issued	-	1,000
Stocks vested	(198)	-
Stocks expired	(54)	-
Ending balance of restricted stocks	748	1,000

C. Details of the restricted stocks to employees of AlgolTek are as follows:

	Year ended December 31, 2023	
	Number (in thousands)	Weighted-average exercise price
Beginning balance of options outstanding	-	$ -
Acquired from business combinations	25	10
Stocks expired	(25)	10
Ending balance of options outstanding	-	-
Ending balance of options exercisable	-	-

D. The fair value of restricted stocks to employees, treasury shares transferred to employees and employee stock options is measured using the Black-Scholes model. Relevant input information is as follows:

Issuing entity	Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note 1)	Expected option life	Expected dividend rate	Risk-free interest rate	Fair value
Alcor	Restricted stocks to employees	2023.03.20	34.85	-		Note 2			
"	"	2022.01.03	60.50	-		Note 2			
ENE	"	2022.05.10	40.25	-		Note 3			
"	"	2022.03.16	41.50	-		Note 3			
Syncomm	"	2023.02.01	22.62	-		Note 2			
"	"	2022.03.17	25.49	-	57.15%	1 year	0%	0.36%	
Alcorlink	"	2021.11.05	34.70	-		Note 2			
"	Treasury shares transferred to employees	2023.01.13	26.30	19.00	46.78%	0.063 year	0%	0.78%	
Luxsentek	Employee stock options	2022.01.21~ 2022.02.25	10.00	10.00		Note 4			
AlgolTek	Employee stock options	2017.07.03	23.89	10.00	39.28%	4.15 years	0%	0.80%	
Syncomm	Employee subscription reserved for cash capital increase	2023.10.16	26.31	26.00	31.43%	0.07 year		0.95%	1.04
Egis Vision	"	2023.8.10	8.95	10.00	39.75%	0.08 year	0%	0.76%	0.09
"	"	2023.12.5	15.00	15.00	33.99%	0.11 year	0%	0.88%	-

Note 1: Expected price volatility rate was estimated by using the average price volatility of similar listed entities within the appropriate period and the historical common stock price volatility within a year from the date of the Company's assessment.

Note 2: The restricted stocks were issued at a price of NT$0 (in dollars) (i.e. without consideration) with a par value of $10 (in dollars) per share and measured at fair value based on the closing price on the grant date and taking into account restrictions on dividend collection.

Note 3: The restricted stocks were issued at a price of NT$0 (in dollars) (i.e. without consideration) with a par value of $10 (in dollars) per share and measured at fair value based on the closing price on the grant date.

Note 4: The employee stock options were issued at par value of NT$10 per share, the issuance price was NT$10 per share, and the fair value was measured at the latest price of cash capital increase of Luxsenteck Microelectronics Corp.

E. Compensation cost that the Group recognised for the abovementioned share-based payment transactions for the years ended December 31, 2023 and 2022 amounted to $34,330 and $25,863, respectively.

(16) Share capital

A. As of December 31, 2023, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $742,718 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (units: in thousands of shares) are as follows:

	2023	2022
At January 1	69,272	69,272
Issuance of shares - private placement	5,000	-
At December 31	74,272	69,272

B. To seek opportunities for industrial cooperation or strategic alliance for the purpose of expanding market and creating shareholders' long-term value, the stockholders at their annual stockholders' meeting on June 22, 2022 adopted a resolution to raise additional cash through private placement with the effective date set on May 16, 2023. The maximum number of shares to be issued through the private placement is 10,000 thousand shares at a subscription price of $70 (in dollars) per share. The amount of capital raised through the private placement was $350,000 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(17) Capital surplus

	December 31, 2023	December 31, 2022
Share premium	$ 1,268,659	$ 968,659
Changes in ownership interests in subsidiaries	22,208	495
Changes in associates accounted for using the equity method	49,987	36,703
	$ 1,340,854	$ 1,005,857

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. The current year's earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, a special reserve shall be set aside or reverse in accordance with the related laws or regulations made by the regulatory authority. The remainder along with the opening balance of unappropriated earnings shall be proposed by the Board of Directors and submitted to the shareholders during their meeting for resolution when they are distributed in the form of new shares; and resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors then reported to the shareholders during their meeting according to Paragraph 5 of Article 240 of the Company Act when they are distributed in the form of cash.

B. The Company's dividend policy is adopted by taking into consideration current and future development plans, investment environment, capital needs, domestic and foreign competitors, shareholders' interests and the general standards of dividend distribution in the industry and capital market. The dividends to shareholders can be distributed in the form of cash or shares and cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2022 and 2021 earnings as resolved by the shareholders at their meeting on June 21, 2023 and June 22, 2022, respectively are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ -		$ 441,038	
Special reserve	782,361		75,368	
Cash dividends	207,815	$ 3.00	692,718	$ 10.00
	$ 990,176		$ 1,209,124	

F. The appropriations of 2023 earnings as proposed by the Board of Directors during its meeting on March 12, 2024 are as follows:

	2023	
	Amount	Dividends per share (in dollars)
Reversal of special reserve	$ 384,039	
Cash dividends	-	$ -
	$ 384,039	

As of March 12, 2024, the above distribution of earnings for the year ended December 31, 2023 was resolved by the Board of Directors and had not yet been reported to the shareholders for approval.

(19) Other equity interest

	Currency translation	Unrealised (losses) gains on valuation	Total
At January 1, 2023	$ 43	($ 857,772)	($ 857,729)
Currency translation differences			
- Group	(1,534)	-	(1,534)
- Associates	1,965	-	1,965
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	514,972	514,972
- Reclassifications of disposal of investments accounted for other comprehensive loss to retained earning	-	(132,080)	(132,080)
Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	716	716
At December 31, 2023	$ 474	($ 474,164)	($ 473,690)

	Currency translation	Unrealised (losses) gains on valuation	Total
At January 1, 2022	($ 594)	($ 74,774)	($ 75,368)
Currency translation differences			
- Group	3,513	-	3,513
- Associates	4,654	-	4,654
- Reclassifications of losses on disposal of investments accounted for using the equity method to profit or loss	(7,530)	-	(7,530)
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- Group	-	(784,514)	(784,514)
- Associates	-	(31,949)	(31,949)
- Reclassifications of disposal of investments accounted for using the equity method to retained earnings	-	30,975	30,975
Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income			
- Group	-	(9,466)	(9,466)
- Associates	-	(337)	(337)
- Reclassifications of gains on disposal of investments in debt instruments designated at fair value through other comprehensive income	-	11,978	11,978
- Reclassifications of gains on disposal of investments accounted for using the equity method to profit or loss	-	315	315
At December 31, 2022	$ 43	($ 857,772)	($ 857,729)

(20) Operating revenue

A. The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major geographical regions:

	Year ended December 31, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	$ 9,425	$ 652,416	$ 661,841
Asia	1,859,127	1,322,628	3,181,755
America	-	283	283
Others	-	4,716	4,716
	$ 1,868,552	$ 1,980,043	$ 3,848,595

	Year ended December 31, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major geographical regions:			
Taiwan	$ 1,036	$ 296,381	$ 297,417
Asia	2,506,318	478,094	2,984,412
America	-	1,008	1,008
Others	-	6,463	6,463
	$ 2,507,354	$ 781,946	$ 3,289,300

	Year ended December 31, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	$ 1,859,513	$ 1,958,097	$ 3,817,610
Service revenue	9,039	21,008	30,047
Licensing revenue	-	938	938
	$ 1,868,552	$ 1,980,043	$ 3,848,595

	Year ended December 31, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Major product/service lines:			
Sales revenue	$ 2,503,279	$ 777,049	$ 3,280,328
Service revenue	4,075	4,897	8,972
	$ 2,507,354	$ 781,946	$ 3,289,300

B. The Group has recognised the revenue-related contract liabilities - advance receipts shown as other current liabilities amounting to $46,234, $7,652 and $1,257 on December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

C. The revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2023 and 2022 were $7,652 and $1,257, respectively.

D. Assets recognised from costs to fulfill a contract

When the Group entered into entrusted design service contracts with customers in 2023, costs incurred should be recognised in assets and accounted as other current assets in the balance sheet under IFRS 15 if they generate resources used in satisfying the contract and are expected to be recovered. As at December 31, 2023, the balance was $27,627.

(21) Interest income

	Years ended December 31	
	2023	2022
Interest income from bank deposits	$ 24,573	$ 18,602
Other interest income	27,268	15,906
	$ 51,841	$ 34,508

(22) Other income

	Years ended December 31	
	2023	2022
Rent income	$ 3,186	$ 2,597
Dividend income	22,862	46,693
Others	12,414	5,470
	$ 38,462	$ 54,760

(23) Other gains and losses

	Years ended December 31	
	2023	2022
Gains (losses) on financial assets at fair value through profit or loss	$ 193,596	($ 50,166)
Gains (losses) on disposals of investments accounted for using the equity method (Note 1)	59,875	(38,132)
Foreign exchange gains	8,904	125,650
Gains arising from leases modifications	3,196	-
Impairment loss	(40,059)	-
Losses on disposal of investments in debt instruments designated at fair value through other comprehensive income	-	(11,978)
(Losses) gains on disposal of property, plant and equipment	(841)	1,674
Other losses (Note 2)	(23,240)	(1,648)
	$ 201,431	$ 25,400

Note 1: Mainly pertains to gains (losses) on remeasurement at fair value due to business combinations. Refer to Note 6(31) for details.

Note 2: Mainly pertains to guarantee deposits paid which were recognised as losses. Refer to Note 6(6) for details.

(24) Finance costs

	Years ended December 31	
	2023	2022
Interest expense on bank borrowings	$ 54,161	$ 30,605
Lease liability	5,748	2,698
	$ 59,909	$ 33,303

(25) Expenses by nature

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 15,697	$ 1,198,057	$ 1,213,754
Share-based payments	342	33,988	34,330
Labour and health insurance fees	1,341	73,074	74,415
Pension costs	702	49,600	50,302
Other personnel expenses	521	41,143	41,664
	$ 18,603	$ 1,395,862	$ 1,414,465
Depreciation charges	$ 23,238	$ 169,027	$ 192,265
Amortisation charges	$ 581	$ 285,275	$ 285,856

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 6,282	$ 977,957	$ 984,239
Share-based payments	252	25,611	25,863
Labour and health insurance fees	554	55,882	56,436
Pension costs	318	40,730	41,048
Other personnel expenses	214	36,354	36,568
	$ 7,620	$ 1,136,534	$ 1,144,154
Depreciation charges	$ 7,222	$ 128,807	$ 136,029
Amortisation charges	$ 57	$ 118,462	$ 118,519

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated losses, earnings should be reserved to cover losses first. The aforementioned employees' compensation can be distributed in the form of shares or cash. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors. The directors' remuneration can only be distributed in the form of cash.

B. For the years ended December 31, 2023 and 2022, the Company incurred loss before tax and thus did not accrue and distribute employees' compensation and directors' remuneration.

C. In accordance with the Articles of Incorporation, on March 29, 2023, the Board of Directors resolved not to distribute directors' remuneration and employees' compensation due to the loss for the year ended December 31, 2022.

D. Information about directors' remuneration and employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on loss for the year	$ 11,337	$ 328
Current withholding tax on foreign profits for the year	745	99,556
Prior year income tax (over) under estimation	(23,106)	3,560
Total current tax	(11,024)	103,444
Deferred tax:		
Origination and reversal of temporary differences	(68,953)	(132,173)
Total deferred tax	(68,953)	(132,173)
Income tax benefit	($ 79,977)	($ 28,729)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate (Note)	($ 216,687)	($ 186,213)
Expenses disallowed by tax regulation	31,997	54,550
Tax exempt income by tax regulation	16,775	886
Temporary differences not recognised as deferred tax assets	16,384	(10,294)
Taxable loss not recognised as deferred tax assets	140,309	11,582
Change in assessment of realisation of deferred tax assets	(39,645)	(20,797)
Prior year income tax (over) under estimation	(23,106)	19,005
Effect from Alternative Minimum Tax	-	1,301
Tax on undistributed earnings	745	99,556
Others	(6,749)	1,695
Income tax benefit	($ 79,977)	($ 28,729)

Note: The basis for computing the applicable tax rate is the rate applicable in the parent company's country.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2023			
	January 1	Recognised in profit or loss	Business combination	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation	$ 80,824	$ 59,144	$ 3,627	$ 143,595
Unrealised exchange loss	7,128	523	-	7,651
Others	11,135	22,596	408	34,139
Tax losses	187,969	(28,191)	-	159,778
	$ 287,056	$ 54,072	$ 4,035	$ 345,163
Deferred tax liabilities:				
-Temporary differences:				
Gains on valuation of financial instruments	($ 1,139)	($ 13,748)	$ -	($ 14,887)
Unrealised exchange gain	(1,692)	1,461	-	(231)
Amortization of assets acquired at premium	(53,827)	14,119	(108,360)	(148,068)
Others	(46,313)	13,049	-	(33,264)
	($ 102,971)	$ 14,881	($ 108,360)	($ 196,450)
	$ 184,085	$ 68,953	($ 104,325)	$ 148,713

	2022			
	January 1	Recognised in profit or loss	Business combination	December 31
Deferred tax assets:				
-Temporary differences:				
Allowance for inventory valuation	$ 73,824	$ 6,125	$ 875	$ 80,824
Unrealised exchange loss	3,828	3,015	285	7,128
Others	2,671	3,195	5,269	11,135
Tax losses	66,121	111,485	10,363	187,969
	$ 146,444	$ 123,820	$ 16,792	$ 287,056
Deferred tax liabilities:				
-Temporary differences:				
Gains on valuation of financial instruments	($ 1,981)	$ 842	$ -	($ 1,139)
Unrealised exchange gain	(14)	(1,640)	(38)	(1,692)
Amortization of assets acquired at premium	-	7,060	(60,887)	(53,827)
Others	-	2,091	(48,404)	(46,313)
	($ 1,995)	$ 8,353	($ 109,329)	($ 102,971)
	$ 144,449	$ 132,173	($ 92,537)	$ 184,085

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 362,271	$ 362,271	$ 362,271	2033
2022	499,123	499,123	-	2032
2021	240,397	240,397	-	2031

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	$ 499,123	$ 499,123	$ -	2032
2021	240,397	240,397	-	2031

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of subsidiaries are as follows:

December 31, 2023					
Entity	Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Luxsentek	2023	$ 11,228	$ 11,228	$ 11,228	2033
〃	2022	82,901	82,901	82,901	2032
〃	2021	61,703	61,703	61,703	2031
〃	2020	9,113	9,113	9,113	2030
VASUBI	2023	23,044	23,044	23,044	2033
〃	2022	17,947	17,947	17,947	2032
NUI	2023	30,459	30,459	30,459	2033
〃	2022	15,578	15,578	15,578	2032
Taurus Wireless	2023	33,032	33,032	33,032	2033
〃	2022	7,745	7,745	7,745	2032
Transducer Star	2023	15,296	15,296	15,296	2033
〃	2022	10,376	10,376	10,376	2032
Alcor	2023	43,324	43,324	43,324	2033
〃	2020	151,012	121,648	84,263	2030
Syncomm	2023	23,168	23,168	23,168	2033
〃	2017	16,143	16,143	16,143	2027
〃	2016	70,801	70,801	70,801	2026
〃	2015	53,220	45,176	25,684	2025
ENE	2020	32,271	32,271	32,271	2030
〃	2019	50,962	50,962	50,962	2029
〃	2018	70,693	70,693	70,693	2028
〃	2017	94,604	92,739	92,739	2027
〃	2016	121,815	121,815	121,815	2026
〃	2015	119,209	119,209	119,209	2025
〃	2014	205,755	183,483	183,483	2024
AlgolTek	2023	155,108	155,108	155,108	2033
Alcorlink	2023	16,250	16,250	16,250	2033
Egis Vision	2023	46,664	46,664	46,664	2033

December 31, 2022

Entity	Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
Luxsentek	2022	$ 82,901	$ 82,901	$ 82,901	2032
〃	2021	61,703	61,703	61,703	2031
〃	2020	9,113	9,113	9,113	2030
VASUBI	2022	17,947	17,947	17,947	2032
NUI	2022	15,578	15,578	15,578	2032
Alcor	2020	151,012	121,648	84,263	2030
Syncomm	2017	16,143	16,143	16,143	2027
〃	2016	70,801	70,801	70,801	2026
〃	2015	53,220	45,176	25,684	2025
ENE	2020	32,271	32,271	32,271	2030
〃	2019	50,962	50,962	50,962	2029
〃	2018	70,693	70,693	70,693	2028
〃	2017	94,604	92,739	92,739	2027
〃	2016	121,815	121,815	121,815	2026
〃	2015	119,209	119,209	119,209	2025
〃	2014	205,755	183,483	183,483	2024
ENE Touch	2022	2,352	2,352	2,352	2027
〃	2021	1,478	1,478	1,478	2026
〃	2020	1,977	1,977	1,977	2025
〃	2019	2,942	2,942	2,942	2024
〃	2018	585	585	585	2023

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities, due to the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognised as deferred tax assets were $22,545 and $1,941, respectively; and the amounts of temporary differences unrecognised as deferred tax liabilities were $39 and $12,235, respectively.

G. The assessed and approved status of the Company’s income tax returns is as follows:

	Assessed and approved status
EGIS TECHNOLOGY INC.	Assessed and approved through 2021

(27) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 721,998)	72,422	($ 9.97)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 852,837)	69,272	($ 12.31)

(28) Non-controlling interest

	2023	2022
At January 1	$ 3,631,770	$ 12,135
Share attributable to non-controlling interest:		
Loss	(281,461)	(49,501)
Currency translation differences	(77)	5,422
Unrealised gains (losses) on valuation of financial assets measured at fair value through other comprehensive income (loss)		
-Equity instrument	50,713	(27,222)
-Debt instrument	962	(1,451)
Remeasurements of defined benefit plans	364	5,167
Disposal of investment accounted for using equity method	-	(1,651)
Increase in non-controlling interests (Note 1)	1,369,249	3,688,871
Decrease in non-controlling interests (Note 2)	(142,193)	-
At December 31	$ 4,629,327	$ 3,631,770

Note 1: The increase in non-controlling interest mainly pertains to the merger with StarRiver, Transducer Star and AlgolTek, the Company acquiring restricted stocks issued by the subsidiaries, Syncomm, Alcorlink and ENE, proportionally to its interest and recognising the relevant compensation cost and the compensation cost of treasury shares repurchased and transferred to employees.

Note 2: The decrease in non-controlling interest mainly pertains to the distribution of cash dividends by the subsidiaries, Alcor, ENE, Syncomm and AlgolTek, for the year ended December 31, 2023.

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 98,892	$ 47,632
Add: Opening balance of payable on equipment	4,340	-
Ending balance of prepayments	959	-
Less: Ending balance of payable on equipment	(9,141)	(4,340)
Cash paid during the year	$ 95,050	$ 43,292

	Years ended December 31	
	2023	2022
Purchase of intangible assets	$ 368,098	$ 169,808
Add: Opening balance of payables	47,344	-
Ending balance of prepayments	39,518	27,856
Less: Opening balance of prepayments	(27,856)	-
Ending balance of payables	(223,920)	(47,344)
Cash paid during the year	$ 203,184	$ 150,320

	Years ended December 31	
	2023	2022
Acquisition of subsidiary companies	$ 406,913	($ 1,261,522)
Less: Ending balance of payable on investment	(228,237)	-
Cash paid (received) during the year	$ 178,676	($ 1,261,522)

Investing activities with partial cash received

	Year ended December 31
	2023
Disposal of financial assets at fair value through other comprehensive income	$ 110,206
Less: Ending balance of receivables	(933)
Cash received during the year	$ 109,273

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2023	$ 1,238,584	$ 1,697,336	$ 190,595	$ 15,451
Changes in cash flow from financing activities	115,416	(423,636)	(91,748)	105
Changes in acquisition of subsidiaries	-	-	25,864	-
Changes in other non-cash items	-	-	130,609	(13,148)
At December 31, 2023	$ 1,354,000	$ 1,273,700	$ 255,320	$ 2,408

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2022	$ 100,000	$ 850,000	$ 119,689	$ -
Changes in cash flow from financing activities	988,584	840,063	(69,417)	15,445
Changes in acquisition of subsidiaries	150,000	7,273	67,869	6
Changes in other non-cash items	-	-	72,454	-
At December 31, 2022	$ 1,238,584	$ 1,697,336	$ 190,595	$ 15,451

(31) Business combinations

A. On February 24, 2023, the Group acquired 85.58% equity interest in Transducer Star Technology Inc. at $21,900 in cash, and obtained control over Transducer Star.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Transducer Star at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		February 24, 2023
Purchase consideration		
Cash	$	21,900
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		2,821
		24,721
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		10,065
Prepayments		625
Property, plant and equipment		312
Intangible assets		10,395
Other non-current assets		6
Other payables	(	1,682)
Other current liabilities	(	159)
Total identifiable net assets		19,562
Goodwill	$	5,159

Note: The allocation of acquisition price was completed in the second quarter of 2023.

(b) The operating revenue included in the consolidated statement of comprehensive income since February 24, 2023 contributed by Transducer Star was $0. Transducer Star also contributed loss before income tax of ($12,583) over the same period. Had Transducer Star been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $3,848,595 and loss before income tax of ($1,086,290) for the years ended December 31, 2023.

B. Considering AlgolTek's and Alcorlink's future long-term development needs, in accordance with the regulations of the Enterprise Merger and Acquisition Act, AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest in Alcorlink. The effective date was set on April 1, 2023. The Group held 31.81% equity interest in AlgolTek after the transaction, and was the single major shareholder of AlgolTek. The Group had the ability to exercise significant influence over AlgolTek's operations and had substantial control based on the assessment of the degree of active participation of other shareholders in AlgolTek's past shareholders' meetings. After the comprehensive assessment, the merger is a reverse merger. Thus, AlgolTek was included in the Group's consolidated financial statements since April 1, 2023.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of AlgolTek at the acquisition date:

		April 1, 2023
Purchase consideration		
Fair value of equity interest in AlgolTek held before the business combination	$	449,229
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		567,916
		1,017,145
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		194,586
Current financial assets at fair value through profit or loss		52,626
Current financial assets at amortised cost		362,200
Accounts receivable, net		11,482
Inventories		107,732
Prepayments and other current assets		14,291
Property, plant and equipment		41,895
Right-of-use assets		25,864
Intangible assets		52,470
Investments accounted for using the equity method		40,405
Non-current financial assets at amortised cost		1,000
Deferred tax assets		4,035
Other non-current assets		12,824
Accounts payable	(	14,938)
Other payables	(	37,606)
Current tax liabilities	(	3,635)
Lease liabilities	(	25,864)
Other current liabilities	(	1,323)
Deferred tax liabilities	(	6,893)
Total identifiable net assets		831,151
Goodwill	$	185,994

Note: The allocation of acquisition price was completed in the third quarter of 2023.

(b) The Group recognised a gain of $61,035, shown as 'other gains and losses', as a result of measuring at fair value its 20.08% equity interest in AlgolTek held before the business combination.

(c) The operating revenue included in the consolidated statement of comprehensive income since April 1, 2023 contributed by AlgolTek was $132,232. AlgolTek also contributed loss before income tax of ($178,029) over the same period. Had AlgolTek been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of $4,074,734 and loss before income tax of ($1,176,179) for the year ended December 31, 2023.

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C. On October 24, 2023, Alcor's Board of Directors resolved to acquire 3,057 thousand shares of StarRiver Semiconductor Corp. at NT$234 (in dollars) per share totalling $715,239. Alcor held 55.00% equity interest in StarRiver and obtained control over StarRiver after the transaction. Therefore, the Company transferred the 7.27% of voting shares originally held that were classified as equity instruments at fair value through other comprehensive income to investments accounted for using equity method. As the Company and Alcor collectively held 62.27% of StarRiver, StarRiver was included in the preparation of the Group's consolidated financial statements since October 26, 2023.

(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of StarRiver at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		Octorber 26, 2023
Purchase consideration		
Cash	$	715,239
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		175,771
Fair value of equity interest in AlgolTek held before the business combination		94,577
		985,587
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		125,575
Accounts receivable, net		5,420
Inventories		217
Prepayments and other current assets		101,941
Property, plant and equipment		28,437
Intangible assets		516,998
Other non-current assets		366
Accounts payable	(	34,348)
Other payables	(	5,386)
Other current liabilities	(	171,891)
Deferred tax liabilities	(	101,467)
Total identifiable net assets		465,862
Goodwill	$	519,725

(b) The operating revenue included in the consolidated statement of comprehensive income since October 26, 2023 contributed by StarRiver was $239,353. StarRiver also contributed profit before income tax of $15,681 over the same period. Had StarRiver been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue and loss before income tax for 2023 of $4,101,993 and ($1,068,445), respectively.

D. The Group is the single largest shareholder of Alcor. Based on the Group's attendance at the shareholders' meeting of Alcor on June 15, 2022, the result of the reelection of Alcor's board of directors and given that the Group entered into an effective agreement with other major shareholders of Alcor on July 11, 2022, the Group has obtained a majority of voting rights in its Board of Directors. As the Group was assessed to have the ability to direct the relevant activities of Alcor, the Group included Alcor in its consolidated financial statements from July 11, 2022.

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(a) The following table summarises the fair values of the assets acquired and liabilities assumed from the combination of Alcor at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		July 11, 2022
Purchase consideration		
Fair value of equity interest in Alcor held before the business combination	$	707,000
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets		3,662,988
		4,369,988
Fair value of the identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		1,261,522
Current financial assets at fair value through profit or loss		861,751
Current financial assets at fair value through other comprehensive income		29,957
Current financial assets at amortised cost		599,138
Accounts receivable, net		326,290
Other receivables, net		29,288
Inventories		634,430
Prepayments		70,815
Other current assets		3,929
Non-current financial assets at fair value through other comprehensive income		490,999
Non-current financial assets at amortised cost		22,929
Investments accounted for using the equity method		239,867
Property, plant and equipment		58,171
Right-of-use assets		67,953
Intangible assets		581,098
Deferred tax assets		16,792
Other non-current assets		109,312
Short-term borrowings	(	150,000)
Notes payable	(	20,721)
Accounts payable	(	324,373)
Other payables	(	409,797)
Other current liabilities	(	27,286)
Deferred tax liabilities	(	109,329)
Lease liabilities	(	67,869)
Total identifiable net assets		4,294,866
Goodwill	$	75,122

Note: The allocation of acquisition price was completed in the fourth quarter of 2022.

(b) The Group recognised a loss of $35,563 shown as ‘other gains and losses’ as a result of measuring at fair value its 22.16% equity interest in Alcor held before the business combination.

(c) The operating revenue included in the consolidated statement of comprehensive income since July 11, 2022 contributed by Alcor was $781,946. Alcor also contributed loss before income tax of ($41,431) over the same period. Had Alcor been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue and loss before income tax for 2022 of $4,113,140 and ($789,374), respectively.

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
AlgolTek, Inc. (AlgolTek)	Subsidiary (Note 1)
iCatch Technology Inc. (iCatchTek)	Associate - investee company accounted for using the equity method
Terawins, Inc. (Terawins)	Associate - investee company accounted for using the equity method
SCT Holdings Ltd. and its subsidiaries (SCT Ltd.)	Associate - investee company accounted for using the equity method
May Sun Technology Co., Ltd. (May Sun)	Other related party
Gear Radio Electronics Corp. (Gear)	Other related party
Mr. MING-DUO, YU	The director of the Company (Note 2)

Note 1: AlgolTek became a subsidiary from an associate since April 1, 2023.

Note 2: Mr. MING-DUO, YU resigned as the director of the Company after the reelection of directors at the shareholders’ general meeting on June 21, 2023.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2023	2022
Sales of services:		
SCT Ltd.	$ 6,983	$ -
AlgolTek	1,811	2,721
Terawins	1,278	-
	$ 10,072	$ 2,721

The sales of services by the Group to related parties mainly pertain to technical service revenue and licensing revenue. The transaction prices were negotiated by both parties and the collection terms were the same as those of non-related parties.

B. Technical service expenditures

	Years ended December 31	
	2023	2022
Technology licensing:		
May Sun	$ 5,600	$ -
Purchases of services:		
iCatchTek	1,517	45,194
	$ 7,117	$ 45,194

For the purchases of services and technology licensing from related parties, the transaction prices were negotiated by both parties and the payment term was 30 days.

C. Accounts receivable due from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
SCT Ltd.	$ 5,309	$ -
AlgolTek	-	4,098
	$ 5,309	$ 4,098
Other receivables:		
SCT Ltd.	$ 89,456	$ 82,360
	$ 94,765	$ 86,458

The receivables from related parties arise mainly from provision of services and purchasing inventories on behalf of associates. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Prepayments (shown as ‘prepayments’ and ‘other non-current assets’)

	December 31, 2023
Gear	$ 7,432

E. Other payables

	December 31, 2023	December 31, 2022
May Sun	$ 1,680	$ -
iCatchTek	-	7,320
AlgolTek	-	44
	$ 1,680	$ 7,364

The other payables to related parties arise mainly from technical service expenditures.

F. Receipt in advance (shown as 'other current liabilities')

	December 31, 2023		December 31, 2022	
AlgolTek	$	-	$	3,243
iCatchTek		1,165		-
	$	1,165	$	3,243

G. Property transactions - acquisition of subsidiaries' equity interest

On February 24, 2023, the Group purchased 200 thousand shares of Transducer Star from Mr. MING-DUO, YU with a price of NT$10 (in dollars) per share. The transaction price was $2,000.

H. Unrecognised contract commitments

The Group entered into contracts for the licensing of intangible assets with Gear. As of December 31, 2023, the licensing costs contracted but not yet paid was US$200 thousand.

I. The certificates of deposits amounting to $3,000 from the associate, Terawins, that the Group held as of December 31, 2023 were pledged as collateral for enhancing credit.

(3) Key management compensation

	Years ended December 31			
	2023		2022	
Short-term employee benefits	$	111,069	$	118,852
Post-employment benefits		1,934		1,819
Termination benefits		1,566		-
Share-based payments		8,037		2,016
	$	122,606	$	122,687

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2023		Book value December 31, 2022		Purpose
Pledged time deposits (recorded as current financial assets at amortised cost)	$	225,682	$	256,454	Note 1
Pledged time deposits (recorded as non-current financial assets at amortised cost)		7,467		8,144	Note 2
Non-current financial assets at fair value through other comprehensive income		1,287,337		893,637	Note 3
Guarantee deposits paid (recorded as other current assets)		9,979		30,710	Note 4
	$	1,530,465	$	1,188,945	

Note 1: Guarantee for short-term bank borrowings.

Note 2: Guarantee for bank performance and customs duties on imported raw materials.

Note 3: Guarantee for long-term bank borrowings.

Note 4: Guarantee for purchases of raw materials and supplies. Refer to Note 6(6) for details.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a complaint for patent infringement with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision in favour of the Company from the Beijing Intellectual Property Court on July 1, 2023 and the Beijing Intellectual Property Court refuted all of Goodix's claims. The Company subsequently received a notice of appeal from Goodix on July 25, 2023 and a notice of response to action from the Supreme People's Court on November 20, 2023. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

B. Goodix has filed a complaint for patent infringement with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision from Fuzhou Intermediate People's Court on December 30, 2022 stating that the Company has committed patent infringement. The Company filed an appeal on January 16, 2023 with the Supreme People's Court. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Group's operating and finance activities.

(2) Commitments

A. A subsidiary of the Group, ENE Technology Inc., entered into contracts for the licensing of software with another company. As of December 31, 2023, the purchases contracted but not yet paid amounted to $19,994.

B. The Group's subsidiary, AlgolTek, signed contracts for the purchase of intangible assets and for commissioning chip and IC component designs. As of December 31, 2023, the contracted but unpaid amount stands at $12,441.

C. The Group entered into a long-term contract with suppliers which stipulates the related periods covered and minimum amount or quantity that the Group needs to purchase from suppliers.

D. Refer to Note 7 for unrecognised contracts with related parties.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. The deficit compensation plan for the fiscal year 2023 is detailed in Note 6(18).

B. On January 15, 2024, the Company's Board of Directors resolved the share exchange with cash and the Company's issued new shares as consideration. The Company obtained 100% equity interest in Inpsytech, Inc. (Inpsytech). Each of the ordinary share of Inpsytech can be exchanged for NT$179.48 (in dollars) and 0.959341032 newly issued ordinary share of the Company. The final share exchange ratio will be adjusted according to the share exchange contract of both parties. The total consideration is approximately NT$4.7 billion (cash consideration is approximately NT$2.6 billion and stock consideration is approximately NT$2.1 billion) if calculated based on the closing price on the latest day. After the share exchange is approved by relevant competent authority and the share exchange procedures are completed, and the effective date of the share exchange is temporarily set on July 1, 2024. After the share exchange is completed, Inpsytech will become a wholly-owned subsidiary of the Company.

C. On March 12, 2024, the Company proposed to increase its capital by issuing ordinary shares through private placement to cooperate with the operational development and strengthen the long-term relationships with strategic partners and the Company's competitiveness. The maximum number of shares to be issued is 10,000 thousand shares. The private placement will be processed four times within one year from the date of the resolution at the shareholders' meeting.

D. The liquidation of the Group's second-tier subsidiary, Alcor Micro Technology, Inc., was approved by the Board of Directors on January 2, 2024. Related procedures are still in process as of March 8, 2024.

E. The Group's subsidiary, AlgolTek, purchased the ordinary shares of Joint Power eXponent, Ltd. for a transaction price of $51,000 and obtained control over the entity to diversify its business and maximise operational performance.

Joint Power eXponent, Ltd., on January 23, 2024, passed a resolution through the board of directors to conduct a cash capital increase by issuing 3,750 thousand new shares with a par value of NT$5 per share, and an issuance premium of NT$8 per share, totaling $30,000. The base date for the capital increase is February 2, 2024. The Group's subsidiary, AlgolTek, subscribed to 3,198 thousand shares at a transaction price of $25,584.

F. The Group plans to convert the receivables from the associate, SCT Holdings Ltd, into equity investments, subscribing to 2,143 thousand shares at US$ 1.4 (in dollars) per share, with a total price of approximately US$ 3,000 thousand.

12. Others

(1) Capital management

The Group plans the fund requirements for future operating capital, research and development expenses, repayment of debt and dividends distribution based on the Group's characteristics of current operating industry and the Group's future development, taking into account changes in the external environment so as to safeguard the Group's ability to continue as a going concern, provide returns for shareholders as well as the benefit of other related parties and maintain an optimal capital structure to enhance shareholders' value in the long-term.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss (Note 1)	$ 1,646,959	$ 1,900,156
Financial assets at fair value through other comprehensive income (Note 2)	$ 2,439,709	$ 1,960,600
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,878,928	$ 1,544,842
Financial assets at amortised cost (Note 3)	900,862	733,602
Accounts receivable (including related parties)	529,317	604,968
Other receivables (including related parties)	106,084	93,058
Guarantee deposits paid	31,039	54,435
	$ 3,446,230	$ 3,030,905
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 1,354,000	$ 1,238,584
Accounts payable	363,350	243,915
Long-term borrowings (including current portion)	1,273,700	1,697,336
Other payables (including related parties)	1,026,080	697,657
Refund liabilities	58,036	89,376
Guarantee deposits received	829	724
	$ 4,075,995	$ 3,967,592
Lease liabilities	$ 255,320	$ 190,595

Note 1: Refers to financial assets mandatorily measured at fair value through profit or loss.

Note 2: Refers to investments in equity and debt instruments (including non-current).

Note 3: Refers to financial assets at amortised cost (including non-current).

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy is based on changes in the economic environment, competition conditions and market value, setting market risk management objectives, and seeking to reduce potential adverse effects on the Group's financial position and financial performance in order to achieve optimal risk positions, maintain appropriate liquidity positions and centrally manage all market risks.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currency: NTD, RMB, KRW and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NT$)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 59,579	30.71	$ 1,829,671	1%	$ 18,297
Non-monetary items					
USD:NTD	30,779	30.71	945,208		
SEK:NTD	6,252	3.04	19,005		
Effect from net assets of consolidated entities measured at foreign currency					
USD:NTD	2,299	30.71	70,610		
RMB:NTD	9,510	4.33	41,180		
KRW:NTD	1,331,400	0.02	26,628		
RMB:USD	737	7.10	3,849		
Financial liabilities					
Monetary items					
USD:NTD	22,901	30.71	703,290	1%	7,033

	December 31, 2022				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NT$)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 50,104	30.71	$ 1,538,694	1%	$ 15,387
Non-monetary items					
USD:NTD	31,422	30.71	964,965		
SEK:NTD	22,718	2.94	66,792		
Effect from net assets of consolidated entities measured at foreign currency					
USD:NTD	4,800	30.71	147,396		
RMB:USD	11,487	6.97	50,634		
KRW:NTD	1,358,550	0.02	27,171		
Financial liabilities					
Monetary items					
USD:NTD	16,705	30.71	513,011	1%	5,130

The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to $8,904 and $125,650, respectively.

Price risk

i. The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group’s investments in equity securities comprise open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. Additionally, the unlisted equity securities and convertible bonds were held for strategic investment, thus the Company did not actively transact such investments. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $65,878 and $76,006, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $97,588 and $78,424, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. On December 31, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and US Dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, loss, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $21,022 and $23,487, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain grade are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The default occurs when the contract payments are past due over 90 days.

vi. The Group classifies customer's accounts receivable in consideration of credit risk on trade. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

ix. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, which was insignificant as of December 31, 2023 and 2022.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's covenant compliance and compliance with internal balance sheet ratio targets.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2023	
	Less than a year	Over a year
Non-derivative financial liabilities:		
Short-term borrowings	$ 1,357,821	$ -
Accounts payable	363,350	-
Other payables (including related parties)	1,026,080	-
Lease liabilities	81,305	175,440
Long-term borrowings (including current portion)	507,078	840,079

	December 31, 2022	
	Less than a year	Over a year
Non-derivative financial liabilities:		
Short-term borrowings	$ 1,241,577	$ -
Accounts payable	243,915	-
Other payables (including related parties)	697,657	-
Lease liabilities	66,794	126,634
Long-term borrowings (including current portion)	457,466	1,342,489

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in certain beneficiary certificates, certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in principal guaranteed notes and bank debentures is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain beneficiary certificates, hybrid instrument, certain financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is included in Level 3.

B. Financial instruments not measured at fair value:

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable, short-term borrowings, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 432,382	$ -	$ 273,258	$ 705,640
Equity instruments	477,426	-	205,384	682,810
Principal guaranteed notes	-	90,420	-	90,420
Convertible bonds	10,910	-	157,179	168,089
Financial assets at fair value through other comprehensive income				
Equity instruments	1,404,664	-	1,009,940	2,414,604
Debt instruments	25,105	-	-	25,105
	$ 2,350,487	$ 90,420	$ 1,645,761	$ 4,086,668

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 886,820	$ -	$ 134,936	$ 1,021,756
Equity instruments	409,247	-	171,431	580,678
Principal guaranteed notes	-	120,249	-	120,249
Convertible bonds	-	-	177,473	177,473
Financial assets at fair value through other comprehensive income				
Equity instruments	975,273	-	958,628	1,933,901
Debt instruments	26,699	-	-	26,699
	$ 2,298,039	$ 120,249	$ 1,442,468	$ 3,860,756

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Stocks	Closed-end fund	Open-end fund	Corporate bond
Market quoted price	Closing price	Closing price	Net asset value	Ex-dividend quoted price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

(c) If one or more of the significant inputs are not obtained based on observable market data, the financial instruments are included in level 3.

E. The fair value of the Group's principal guaranteed notes and bank debentures is included in Level 2.

F. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Non-derivative instrument	Non-derivative instrument
At January 1	$ 1,442,468	$ 877,953
Business combinations	-	579,420
Gains recognised in profit or loss	104,904	9,034
Gains (losses) recognised in other comprehensive income	126,861	(126,658)
Acquired during the year	194,974	447,229
Disposed during the year	(94,579)	(349,404)
Proceeds from capital reduction	(40,663)	-
Transfers out from level 3	(90,969)	-
Effect of exchange rate changes	-	4,894
Others	2,765	-
At December 31	$ 1,645,761	$ 1,442,468

H. The Group had obtained sufficient observable market information for certain financial assets at fair value through other comprehensive income for the year ended December 31, 2023. Therefore, the Group has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

I. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 451,668	Market comparable companies	Price to book ratio multiple	1.85-27.70	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow/Option pricing model	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
〃	298,015	Most recent non-active market price	Not applicable	Not applicable	Not applicable
〃	86,074	Discounted cash flow	Discount for lack of marketability	15%~29.82%	The higher the discount for lack of control, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
Venture capital shares	379,567	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Beneficiary Certificate	273,258	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	157,179	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 667,614	Market comparable companies	Price to book ratio multiple	1.64-23.21	The higher the multiple and control premium, the higher the fair value.
		Discounted cash flow/Option pricing model	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
〃	74,223	Most recent non-active market price	Not applicable	Not applicable	Not applicable
〃	81,457	Discounted cash flow	Discount for lack of marketability	15%~30.43%	The higher the discount for lack of control, the lower the fair value.
			Discount for lack of control	32.11%	The higher the discount for lack of control, the lower the fair value.
Venture capital shares	306,765	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Beneficiary Certificate	134,936	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	177,473	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ 2,054	($ 2,054)	$ 4,394	($ 4,394)
Equity instrument	Discount for lack of marketability	±1%	-	-	332	(333)
Equity instrument	Discount for lack of control	±1%	-	-	407	(408)
Debt instrument	Discount for lack of marketability	±1%	1,572	(1,572)	-	-

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income (loss)	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ 1,714	($ 1,714)	$ 4,962	($ 4,962)
Equity instrument	Discount for lack of marketability	±1%	-	-	319	(317)
Equity instrument	Discount for lack of control	±1%	-	-	386	(384)
Debt instrument	Discount for lack of marketability	±1%	1,775	(1,775)	-	-

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: Refer to table 2.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting period: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1)10.

(4) Major shareholders information

Refer to table 6.

14. Segment Information

(1) General information

The Group has two reportable operating segments: Egis and its subsidiaries are primarily engaged in the research, development, design and sales of biometric application software and hardware; and Alcor and its subsidiaries are primarily engaged in the research, development, design and sales of USB control chip. The chief operating decision-maker of the Group uses overall operating results as the basis of performance assessment and identified that the Group has two reportable operating segments.

Year ended December 31, 2023	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	\$ 1,868,552	\$ 1,980,043	\$ 3,848,595
Segment loss	(\$ 803,440)	(\$ 279,996)	(\$ 1,083,436)

Year ended December 31, 2022	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Total segment revenue	\$ 2,507,354	\$ 781,946	\$ 3,289,300
Segment loss	(\$ 889,636)	(\$ 41,431)	(\$ 931,067)

(2) Measurement of segment information

A. Segment income (loss) of the Group is measured using the pre-tax operating margin and is used as a basis for performance assessment. The accounting policies and accounting estimates of operating segment are in agreement with the summary of significant accounting policies and the critical accounting estimates and assumptions described in Notes 4 and 5.

B. The revenue (excluding revenue from transactions of other operating segments in the entities), income (loss) and financial information from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

C. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

(3) Information on products and services

Revenue from external customers arise mainly from the design and sales of integrated circuits related products.

(4) Geographical information

A. Refer to Note 6(20) for geographical information about operating revenue for the years ended December 31, 2023 and 2022. Information of non-current assets is as follows:

	Year ended December 31, 2023		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Taiwan	$ 679,314	$ 1,214,149	$ 1,893,463
Asia	4,123	334	4,457
	$ 683,437	$ 1,214,483	$ 1,897,920

	Years ended December 31, 2022		
	Egis and its subsidiaries	Alcor and its subsidiaries	Total
Taiwan	$ 610,294	$ 484,275	$ 1,094,569
Asia	4,653	21,393	26,046
	$ 614,947	$ 505,668	$ 1,120,615

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and other non-current assets (excluding financial instruments and deferred income tax assets).

B. Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Percentage of total sales revenue	Revenue	Percentage of total sales revenue
Customer A	$ 563,624	15%	$ 795,414	24%
Customer B	395,501	10%	605,287	18%
Customer C	387,540	10%	128,587	4%
Customer D	339,532	9%	441,611	13%
Customer E	212,236	6%	437,883	13%

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EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 No. of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
EGIS TECHNOLOGY INC.	Stock	Gingy Technology Inc.	None	Note 4	33	$ 55	0.45%	$ 55	
〃	〃	Integrated Digital Technologies, Inc.	〃	〃	4,000	-	13.96%	-	
〃	〃	AIStorm, Inc.	〃	〃	5,211	116,581	19.45%	116,581	
〃	〃	MEMS DRIVE INC.	〃	〃	188	747	2.87%	747	
〃	〃	ION ELECTRONIC MATERIALS CO., LTD.	〃	〃	684	79,937	2.03%	79,937	
〃	〃	Astrogate Inc.	〃	〃	1,000	311	15.63%	311	
〃	〃	Calumino Pty Ltd.	〃	〃	1,011	-	2.76%	-	
〃	〃	Gallopwave Inc.	〃	〃	3,125	18,897	4.06%	18,897	
〃	〃	xMEMS Labs, Inc.,	〃	〃	1,003	8,340	0.84%	8,340	
〃	〃	Attopsemi Technology Co., Ltd.	〃	〃	500	136,195	4.43%	136,195	
〃	〃	CyteSi, Inc.,	〃	〃	163	4,681	1.40%	4,681	
〃	〃	Silicon Optronics, Inc.	〃	〃	12,641	1,301,998	16.11%	1,301,998	
〃	〃	Augentix Inc.	〃	〃	1,050	89,250	4.28%	89,250	
〃	Bonds	SOFTBK 4 07/06/26 (XS2361252971)	〃	〃	-	5,605	-	5,605	
〃	Stock	BE Epitaxy Semiconductor Technology Co., Ltd.	〃	Note 2	5,153	90,039	7.56%	90,039	
〃	Beneficiary certificates	Dian-Te Gas Investment LP	〃	〃	-	80,040	67.32%	80,040	
〃	Stock	Airoha Technology Corp.	〃	〃	560	323,120	0.34%	323,120	
〃	〃	JET OPTOELECTRONICS CO., LTD.	〃	〃	2,824	149,846	4.71%	149,846	
〃	〃	Precise Biometrics AB	〃	Note 4	5,609	19,005	7.15%	19,005	
〃	Funds	Vertex Growth (SG) LP	〃	Note 2	-	44,583	-	44,583	
〃	〃	Vertex Growth Ⅱ (SG) LP	〃	〃	-	14,756	-	14,756	
〃	〃	Vertex Venture (SG) SEA IV LP	〃	〃	-	8,760	-	8,760	
〃	Beneficiary certificates	JAFCO Taiwan II Venture Capital Limited Partnership	〃	〃	-	2,611	-	2,611	
〃	Stock	Sirius Wireless Pte. Ltd.	〃	〃	14,187	104,545	10.11%	104,545	
〃	Convertible bonds	Netlink Communication Inc. Convertible bonds	〃	〃	-	157,179	-	157,179	
〃	Stock	Gear Radio Limited	〃	Note 4	1,733	34,317	4.03%	34,317	
〃	〃	Metanoia Communications Inc.	〃	〃	1,875	30,000	1.55%	30,000	
〃	Beneficiary certificates	Megawood Capital	〃	Note 2	-	22,500	14.46%	22,500	
〃	〃	Linkou Golf Club	〃	〃	-	10,800	0.10%	10,800	
Alcor Micro, Corp.	Funds	PGIM Return Fund	〃	Note 1	631	10,015	-	10,015	
〃	〃	Cathay US Premium Bond Fund	〃	〃	300	3,120	-	3,120	
〃	〃	Yuanta 2-10 Year Investment Grade Corporate Bond	〃	〃	606	6,254	-	6,254	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 No. of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Alcor Micro, Corp.	Funds	Nomura Global Financial Bond Fund	None	Note 1	509	$ 5,191	-	$ 5,191	
〃	〃	Cathay 4-Year Maturity Developed Market Investment Grade Bond Fund	〃	〃	3,000	31,318	-	31,318	
〃	〃	Allianz Global Investors US Short Duration High Income Bond Fund	〃	〃	941	10,180	-	10,180	
〃	〃	Franklin Templeton SinoAm Global High Yield Bond Fund	〃	〃	884	10,657	-	10,657	
〃	〃	PGIM USD High Yield Bond Fund	〃	〃	1,564	15,599	-	15,599	
〃	〃	CTBC ESG Financial Multi-Asset Fund	〃	〃	1,000	10,759	-	10,759	
〃	〃	CTBC Growth Opportunities Multi-Asset Fund	〃	〃	1,000	10,155	-	10,155	
〃	〃	PineBridge Rate Response Multi-Asset Fund	〃	〃	1,500	15,567	-	15,567	
〃	〃	PineBridge Rate Response Multi-Asset Fund	〃	〃	1,500	15,122	-	15,122	
〃	〃	TCB GAMMA Quantitative Multi-Asset Fund	〃	〃	2,151	40,989	-	40,989	
〃	〃	PGIM Aggressive Growth ETF Fund of Funds	〃	〃	397	5,307	-	5,307	
〃	〃	Nomura Global Infrastructure Megatrend Fund USD	〃	〃	489	4,971	-	4,971	
〃	〃	PGIM Global New Supply Chain Fund-TWD(A)	〃	〃	200	1,762	-	1,762	
〃	〃	Yuanta Japan Leaders Equity Fund	〃	〃	500	5,000	-	5,000	
〃	Principal protected note	President Securities Corporation Principal Guaranteed Note NO.75	〃	〃	-	30,351	-	30,351	
〃	〃	President Securities Corporation Principal Guaranteed Note NO.2879	〃	〃	-	30,039	-	30,039	
〃	〃	President Securities Corporation Principal Guaranteed Note NO.2889	〃	〃	-	30,030	-	30,030	
〃	Convertible bonds	Topco Scientific CO., LTD. Convertible bonds	〃	〃	100	10,910	-	10,910	
〃	Stock	Foxtron Vehicle Technologies Co., Ltd.	〃	〃	100	4,460	0.01%	4,460	
〃	〃	Shin Kong Financial Holding Co.,Ltd. Preferred Shares A	〃	Note 3	130	3,724	0.17%	3,724	
〃	〃	HUA VI VENTURE CAPITAL CORPORATION	〃	Note 4	11	2,649	2.11%	2,649	
〃	〃	WK Venture Capital XI	〃	〃	11,996	299,339	15.38%	299,339	
〃	〃	WK Technology Fund IX II Ltd.	〃	〃	5,000	49,898	4.45%	49,898	
〃	〃	Sirius Wireless PTE. LTD	〃	〃	4,167	30,705	2.97%	30,705	
〃	〃	FOXFORTUNE TECHNOLOGY II VENTURES LIMITED	〃	〃	780	27,681	5.80%	27,681	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 No. of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Alcor Micro, Corp.	Stock	Koodata Inc. Common Stock	None	Note 4	2,375	$ 13,576	14.33%	$ 13,576	
〃	〃	Koodata Inc. Preferred Stock	〃	〃	10,088	72,498	14.33%	72,498	
〃	〃	Helios Bioelectronics Inc.	〃	〃	14,300	60,000	10.49%	60,000	
〃	Bonds	AT&T Inc.	〃	Note 3	-	2,287	-	2,287	
〃	Beneficiary certificates	Fuyou Venture Capital Co., Ltd	〃	Note 2	-	25,103	-	25,103	
Alcorlink Corp.	Funds	Fuh Hwa Fund	〃	Note 1	2,896	33,916	-	33,916	
〃	Bonds	STANDARD CHARTERED PLC.	〃	Note 5	-	27,017	-	27,545	
〃	〃	ORCL 4 07/15/46	〃	Note 6	-	8,923	-	8,962	
Syncomm Technology Corp.	Funds	PGIM Money Market Fund	〃	Note 1	4,126	67,088	-	67,088	
〃	〃	Mega Diamond Money Market Fund	〃	〃	3,203	41,315	-	41,315	
〃	〃	JIH SUN MONEY MARKET FUND	〃	〃	2,675	40,801	-	40,801	
〃	〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	1,574	20,287	-	20,287	
〃	〃	Taishin Ta-Chong Money Market Fund	〃	〃	690	10,074	-	10,074	
AoglTek, Inc.	〃	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	〃	〃	1,068	8,559	-	8,559	
〃	〃	Nomura Global Financial Bond Fund	〃	〃	1,921	18,753	-	18,753	
〃	Bonds	United States Treasury securities	〃	Note 6	-	6,099	-	6,067	
Chun-Feng Investment Limited	Funds	Allianz Global Investors Taiwan Money Market	〃	Note 1	2,565	33,054	-	33,054	
〃	〃	Allianz Global Investors US Short Duration High Income Bond Fund	〃	〃	951	10,293	-	10,293	
〃	〃	PGIM USD High Yield Bond Fund	〃	〃	509	5,075	-	5,075	
〃	〃	Eastspring Investments Optm Inc FoFsAUSD	〃	〃	893	10,799	-	10,799	
〃	〃	PGIM Aggressive Growth ETF Fund of Funds	〃	〃	397	5,307	-	5,307	
Alcor Micro Technology, Inc.	Stock	NGD Systems Inc.	〃	Note 4	8,705	14,220	3.45%	14,220	
Alcor Micro Technology, (H.K.) Limited	Bonds	HP Inc.	〃	Note 3	-	2,504	-	2,504	
〃	〃	Power Finance Corp. Ltd.	〃	〃	-	5,878	-	5,878	
〃	〃	TSMC Arizona Corp.	〃	〃	-	5,951	-	5,951	
〃	〃	AT&T Inc.5.35% Global Notes due 2066 (TBB)	〃	〃	4	2,880	-	2,880	

Note 1: Current financial assets at fair value through profit or loss.
Note 2: Non-current financial assets at fair value through profit or loss.
Note 3: Current financial assets at fair value through other comprehensive income.
Note 4: Non-current financial assets at fair value through other comprehensive income.
Note 5: Current financial assets at amortised cost.
Note 6: Non-current financial assets at amortised cost.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Notes 2 and 6)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023 (Note 5)	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain on disposal	Number of shares (in thousands)	Amount
Alcor Micro, Corp.	Alcorlink Corp.	Investments accounted using equity method	AlgolTek, Inc.	An associate of the Company	14,640,133	$ 311,058	-	$ -	(14,640,133)	$ 347,645	($ 285,033)	$ -	-	$ -
〃	AlgolTek, Inc.	〃	〃	〃	5,256,631	220,205	14,040,710	621,866	(5,256,631)	274,221	(215,500)	58,848	14,040,710	553,533
〃	StarRiver Semiconductor Corp.	〃	The individual shareholders of StarRiver Semiconductor Corp.	Non-related party	-	-	3,056,580	715,240	-	-	-	-	3,056,580	721,653

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: It included profit or loss accounted for using equity method.

Note 6: AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. After the transaction date, AlgolTek was changed to the Company's subsidiary from an associate.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Egis Technology Korea Inc.	Egis Technology Inc.	2	Service revenue (Note 6)	$ 42,719	Transaction prices and terms were similar to non-related party	1.11%
2	Alcor Micro, Corp.	Alcor Micro Technology (H.K.) Limited	3	Sales revenue (Note 6)	90,955		2.36%
3	Alcor Micro Tech. (ShenZhen) Ltd.	"	3	Service revenue (Note 6)	42,543		1.11%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transaction amount less than 1% of total assets or consolidated income will not be disclosed.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 4

Unit: Thousands of NTD/shares

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Egis Technology (Japan) Inc.	Japan	Customer service, business promotion and technical service	$ 109,279	$ 109,279	7,680,000	100.00%	$ 1,103	$ 340	$ 340	
〃	Egis Technology Korea Inc.	Korea	Customer service, business promotion and technical service	18,233	18,233	20,000	100.00%	26,628	193	193	
〃	OceanX Inc.	Taiwan	Holding company	1,880	1,880	167,000	100.00%	2,113	(52)	(52)	
〃	Luxsentek Microelectronics Corp.	Taiwan	Technology development	140,000	140,000	14,000,000	86.93%	6,391	(10,044)	1,398	
〃	Alcor Micro, Corp.	Taiwan	Technology development	707,000	707,000	20,000,000	20.49%	688,898	(250,778)	(27,512)	
〃	VASUBI Technology Inc.	Taiwan	Technology development	40,000	40,000	4,000,000	100.00%	(928)	(22,981)	(22,981)	
〃	NUI Technology Inc.	Taiwan	Technology development	90,000	90,000	9,000,000	100.00%	43,891	(30,529)	(30,529)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Taurus Wireless Inc.	Taiwan	Technology development	$ 50,000	$ 10,000	5,000,000	100.00%	$ 8,245	($ 33,902)	($ 33,902)	
〃	Transducer Star Technology Inc.	Taiwan	Technology development	31,900	-	2,780,000	90.26%	18,064	(15,438)	(12,922)	
〃	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	40,000	-	404,176	7.27%	94,685	24,536	108	Note 3
〃	Vitrio Technology Corporation	Taiwan	Technology development	-	4,970	-	-	-	-	-	
〃	iCatch Technology Inc.	Taiwan	Technology development	1,189,600	1,189,600	18,000,000	18.84%	1,086,047	(128,996)	(86,749)	
〃	SCT Holdings Ltd.	Cayman Islands	Design, development and sales of IC	371,380	371,380	6,403,545	19.51%	278,719	(368,157)	(61,445)	
〃	Egis Innovation Fund G.P., Ltd.	Taiwan	General investment business	-	7,500	-	0.00%	-	(32)	(16)	
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Cayman Islands	Investment holding company	932,166	850,378	30,613,000	100.00%	70,610	(87,780)	(87,780)	
〃	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	73,782	73,782	14,040,710	31.44%	553,533	(240,407)	(61,422)	
〃	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	197,097	133,578	10,887,288	25.99%	176,381	(22,507)	(5,911)	
〃	Alcorlink Corp.	Taiwan	Development, design and sales of IC	-	259,214	-	-	-	(85,647)	(30,702)	
〃	Chun-Feng Investment Limited	Taiwan	General investment business	90,000	90,000	9,000,000	100.00%	114,977	4,539	(302)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
Alcor Micro, Corp.	ENE Technology Inc.	Taiwan	Development, design and sales of IC	$ 252,800	252,800	8,000,000	17.67%	$ 266,194	$ 66,676	$ 6,578	
〃	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	715,239	-	3,056,580	55.00%	721,653	24,536	6,413	Note 3
Chun-Feng Investment Limited	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	5,814	5,814	179,353	0.40%	8,488	(240,407)	(883)	
〃	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	30,878	17,943	2,217,159	5.29%	32,149	(22,507)	(1,202)	
Alcor Micro Technology, Inc. (AMTI)	Alcor Micro Technology, (H.K.) Limited (AMTHK)	Hong Kong	Management and sales of electronic products	633,056	520,107	20,790,000	100.00%	48,447	(40,583)	(40,583)	
AlgolTek, Inc.	Terawins, INC.	Taiwan	Development, design and sales of IC	48,239	-	5,359,923	17.65%	23,496	(116,954)	(16,822)	
〃	Alcorlink Corp.	Taiwan	Development, design and sales of IC	728,188	-	2,057,029	100.00%	276,149	(88,887)	(27,427)	Note 4
Alcorlink Corp.	Egis Vision Inc.	Taiwan	Development, design and sales of IC	60,000	-	6,000,000	80.00%	25,295	(48,796)	(42,009)	Note 5

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Note 3: On October 24, 2023, the Group's subsidiary- Alcor Micro, Corp.'s Board of Directors resolved to acquire 3,057 thousand shares of StarRiver Semiconductor Corp. at NT$234 (in dollars) per share totalling $715,239. After the transaction, combinig with the 404 thousand shares which held by the parent company originally, the Group held totally 62.27% equity interest.

Note 4: The initial investment amount of AlgolTek in Alcorlink was determined based on the number of AlgolTek's issued common stocks and the latest closing price at the effective date of the merger.

Note 5: Alcorlink’s initial investment amount in Egis Vision was $1,000. The Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its “Image Product Business Department” to Egis Vision. The spin-off effective date was set on July 1, 2023. The business value of the spin-off was $59,000, and 1 newly issued ordinary share of Egis Vision was exchanged for NT$10 (in dollars) per share, increasing the initial investment amount by $59,000.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	$ 55,521	Note 2	$ 61,410	$ -	$ -	$ 61,410	($ 9,484)	100%	($ 9,484)	$ 41,180	$ -	Note 3
Alcor Micro Tech., (ShenZhen) Ltd.	After sales service and collection of business intelligence	56,960	Note 1	56,960	-	-	56,960	(47,120)	100%	(47,120)	3,849	-	〃
ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	Note 6	Note 2	9,047	2,284	31	11,300	(683)	100%	(683)	-	31	Note 3 and Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Egis Technology Inc.	$ 61,410	$ 61,410	$ 5,160,392
Alcor Micro, Corp.	56,960	56,960	5,160,392
ENE Technology Inc. (ENE)	11,300	11,300	5,160,392

Note 1: Reinvested in Mainland China company through Alcor Micro Technology, Inc. in the third area.

Note 2: Directly invest in a company in Mainland China.

Note 3: Investment income (loss) was recognised based on the financial reports that were audited by CPA.

Note 4: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA is 60% of higher of the consolidated net assets or net assets of each company.

Note 6: The Group sold all equity interest of the subsidiary, ENE Touch and the paid-in capital is $0 with the effective date set on April 20, 2023. In July 2023, the Group has submitted the application regarding the change in investment amounts to MOEA.

Note 7: Investment income (loss) was recognised based on the financial reports that were not audited by CPA with the effective date.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Sen-Chou Lo	9,006,262	12.12%

EGIS TECHNOLOGY INC.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of EGIS TECHNOLOGY INC.

Opinion

We have audited the accompanying parent company only balance sheets of EGIS TECHNOLOGY INC. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Key audit matter – Allowance for inventory valuation losses

<u>Description</u>

The Company is engaged in the design, manufacture and sales of integrated circuit related products. As the electronic products' life cycles are relatively short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Refer to Note 4(12) for accounting policies on inventory, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(5) for details of the allowance for inventory valuation losses.

As the Company operates in an environment characterised by rapidly changing technology, the determination of net realisable values of obsolete and slow-moving inventories involves subjective judgement and high degree of estimation uncertainty, and considering that the inventory and allowance for inventory valuation losses are material to the financial statements, we considered the assessment of allowance for inventory valuation losses a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of the Group's operations and industry to assess the reasonableness of provision policies on inventory valuation loss and allowance for inventory valuation losses.

B. Tested the basis of the net realisable value of individual inventory item numbers and selected samples to confirm the accuracy of the calculation of net realisable value.
C. Verified the accuracy of inventory aging report.

Key audit matter – Investments accounted for using equity method

Description

In April 2023, the Company's subsidiary- Alcor Micro, Corp. obtained control over AlgolTek, Inc., which was then classified as investments accounted for using equity method. This merger transaction was accounted for in accordance with IFRS 3. For price allocation of the acquisition price, refer to Note 6(31) of the consolidated financial statements. Related subsequent allocation of acquisition price was completed in the third quarter of 2023.

As the net fair value of identifiable assets and liabilities and the allocation of goodwill for the merger transaction were based on management's assessment and involved accounting estimations and assumptions, we considered this equity price allocation as one of the key audit matters.

How our audit addressed the matter

We obtained an understanding of the basis and process of purchase price allocation which was estimated by management. Additionally, we reviewed the estimation method used for fair value of identified assets and assumed liabilities in the price allocation report prepared by external experts, and the reasonableness of key assumptions and the calculation of fair value used in the prediction of future cash flows of identified intangible assets to calculate goodwill. Our procedures also included the following:

A. Evaluated the competency and objectivity of the external appraiser engaged by the management.

B. Reviewed the valuation models used by external appraisers, assessed the reasonableness of the primary parameters, such as the expected growth rates and operating profit margin, by comparing with historical data, economic and industry forecasts documents.
C. Reviewed the reasonableness of weighted average cost of capital (WACC), the fair value of identifiable intangible assets, the determination of economic life of identifiable intangible assets, and the calculation of goodwill used in the price allocation report prepared by external experts.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our report expressed herein, insofar as it relates to the amounts included in respect of these companies, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT$1,364,766 thousand and NT$1,396,881 thousand, constituting 19% and 18% of total assets as at December 31, 2023 and 2022, respectively, and the share of profit recognized from investees accounted for under the equity method amounted to NT$146,229 thousand and NT$55,342 thousand, constituting 71% and 3% of total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investments accounted for using equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Huang, Pei-Chuan	Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 21, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

EGIS TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 379,774	5	$ 506,092	7
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	104,171	2
1170	Accounts receivable, net	6(4)	200,749	3	324,474	4
1180	Accounts receivable due from related parties, net	7	7,352	-	-	-
1200	Other receivables		17,681	-	17,147	-
1210	Other receivables due from related parties	7	108,356	2	97,780	1
1220	Current tax assets		1,179	-	-	-
130X	Inventories	6(5)	280,185	4	938,762	13
1410	Prepayments		204,668	3	101,969	1
1470	Other current assets	6(18)	28,360	-	1,633	-
11XX	**Total current assets**		1,228,304	17	2,092,028	28
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,008,779	14	908,782	12
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	1,845,919	25	1,471,932	20
1550	Investments accounted for using equity method	6(6) and 7	2,295,036	32	2,418,742	32
1600	Property, plant and equipment	6(7) and 7	47,462	1	66,749	1
1755	Right-of-use assets	6(8)	75,492	1	106,173	1
1780	Intangible assets	6(9)	454,468	6	229,235	3
1840	Deferred tax assets	6(24)	301,586	4	255,444	3
1990	Other non-current assets		9,045	-	11,519	-
15XX	**Total non-current assets**		6,037,787	83	5,468,576	72
1XXX	**Total assets**		$ 7,266,091	100	$ 7,560,604	100

(Continued)

EGIS TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Current borrowings	6(10)	$ 1,194,000	16	$ 1,042,584	14
2170	Accounts payable		115,804	2	71,123	1
2200	Other payables	6(11)	515,843	7	434,814	6
2220	Other payables to related parties	7	11,018	-	11,632	-
2230	Current income tax liabilities		459	-	95,206	1
2280	Current lease liabilities	6(8)	37,288	-	36,054	-
2320	Long-term liabilities, current portion	6(12)	481,486	7	420,000	6
2365	Current refund liabilities		58,036	1	89,376	1
2399	Other current liabilities	6(18) and 7	27,285	-	5,519	-
21XX	**Total current liabilities**		2,441,219	33	2,206,308	29
	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6(12)	792,214	11	1,273,700	17
2570	Deferred tax liabilities	6(24)	14,887	-	1,139	-
2580	Non-current lease liabilities	6(8)	45,618	1	78,989	1
2600	Other non-current liabilities		826	-	718	-
25XX	**Total non-current liabilities**		853,545	12	1,354,546	18
2XXX	**Total liabilities**		3,294,764	45	3,560,854	47
	Equity					
	Share capital	6(14)				
3110	Common stock		742,718	10	692,718	9
	Capital surplus	6(15)				
3200	Capital surplus		1,340,854	18	1,005,857	13
	Retained earnings	6(16)				
3310	Legal reserve		725,338	10	725,338	10
3320	Special reserve		857,729	12	75,368	1
3350	Unappropriated retained earnings		778,378	11	2,358,198	31
	Other equity interest	6(17)				
3400	Other equity interest		(473,690)	(6)	(857,729)	(11)
3XXX	**Total equity**		3,971,327	55	3,999,750	53
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 7,266,091	100	$ 7,560,604	100

The accompanying notes are an integral part of these parent company only financial statements.

EGIS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amount)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(18) and 7	$ 1,875,644	100	$ 2,506,569	100
5000	Operating costs	6(5)(23)	(1,365,708)	(73)	(1,685,104)	(67)
5900	Net operating margin		509,936	27	821,465	33
	Total operating expenses	6(23) and 7				
6100	Selling expenses		(65,481)	(4)	(105,950)	(4)
6200	General and administrative expenses		(177,159)	(9)	(231,432)	(9)
6300	Research and development expenses		(856,065)	(46)	(1,223,644)	(49)
6000	Total operating expenses		(1,098,705)	(59)	(1,561,026)	(62)
6900	Operating loss		(588,769)	(32)	(739,561)	(29)
	Non-operating income and expenses					
7100	Interest income	6(19)	12,443	1	24,286	1
7010	Other income	6(20) and 7	21,565	1	57,254	2
7020	Other gains and losses	6(21)	129,887	7	(2,359)	-
7050	Finance costs	6(22)	(51,914)	(3)	(31,125)	(1)
7070	Share of loss of associates and joint ventures accounted for using equity method	6(6)	(283,553)	(15)	(167,729)	(7)
7000	Total non-operating income and expenses		(171,572)	(9)	(119,673)	(5)
7900	**Loss before tax**		(760,341)	(41)	(859,234)	(34)
7950	Income tax expense	6(24)	38,343	2	6,397	-
8200	**Loss for the year**		($ 721,998)	(39)	($ 852,837)	(34)
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(17)	$ 499,986	27	($ 776,764)	(31)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(17)	16,175	1	(38,522)	(2)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		516,161	28	(815,286)	(33)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(17)	(1,587)	-	3,515	-
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(17)	472	-	(9,053)	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(17)	2,262	-	3,902	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		1,147	-	(1,636)	-
8300	**Other comprehensive income (loss) for the year, net of tax**		$ 517,308	28	($ 816,922)	(33)
8500	**Total comprehensive loss for the year**		($ 204,690)	(11)	($ 1,669,759)	(67)
	Loss per share (in dollars)	6(25)				
9750	Basic loss per share		($ 9.97)		($ 12.31)	
9850	Diluted loss per share		($ 9.97)		($ 12.31)	

The accompanying notes are an integral part of these parent company only financial statements.

EGIS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
2022									
Balance at January 1, 2022		$ 692,718	$ 968,659	$ 284,300	$ -	$ 4,450,106	($ 594)	($ 74,774)	$ 6,320,415
Loss		-	-	-	-	(852,837)	-	-	(852,837)
Other comprehensive income (loss)		-	-	-	-	1,177	8,167	(826,266)	(816,922)
Total comprehensive income (loss)		-	-	-	-	(851,660)	8,167	(826,266)	(1,669,759)
Appropriations and distribution of 2021 retained earnings:	6(16)								
Legal reserve		-	-	441,038	-	(441,038)	-	-	-
Special reserve		-	-	-	75,368	(75,368)	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(692,718)	-	-	(692,718)
Proceeds from disposal of investment in debt investments measured at fair value through other comprehensive income	6(3)(17)	-	-	-	-	-	-	11,978	11,978
Proceeds from disposal of investments accounted for using equity	6(17)	-	-	-	-	(30,975)	(7,530)	31,290	(7,215)
Changes in ownership interests in subsidiaries		-	495	-	-	-	-	-	495
Changes in equity of associates accounted for using equity method		-	36,703	-	-	(149)	-	-	36,554
Balance at December 31, 2022		$ 692,718	$ 1,005,857	$ 725,338	$ 75,368	$ 2,358,198	$ 43	($ 857,772)	$ 3,999,750
2023									
Balance at January 1, 2023		$ 692,718	$ 1,005,857	$ 725,338	$ 75,368	$ 2,358,198	$ 43	($ 857,772)	$ 3,999,750
Loss		-	-	-	-	(721,998)	-	-	(721,998)
Other comprehensive income		-	-	-	-	1,189	431	515,688	517,308
Total comprehensive income (loss)		-	-	-	-	(720,809)	431	515,688	(204,690)
Appropriations and distribution of 2022 retained earnings:	6(16)								
Special reserve		-	-	-	782,361	(782,361)	-	-	-
Cash dividends of ordinary shares		-	-	-	-	(207,815)	-	-	(207,815)
Issuance of shares	6(14)	50,000	300,000	-	-	-	-	-	350,000
Disposal of equity instruments at fair value through other comprehensive income	6(3)(17)	-	-	-	-	132,080	-	(132,080)	-
Changes in ownership interests in subsidiaries		-	21,713	-	-	(915)	-	-	20,798
Changes in equity of associates accounted for using equity method		-	13,284	-	-	-	-	-	13,284
Balance at December 31, 2023		$ 742,718	$ 1,340,854	$ 725,338	$ 857,729	$ 778,378	$ 474	($ 474,164)	$ 3,971,327

The accompanying notes are an integral part of these parent company only financial statements.

EGIS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 760,341)	($ 859,234)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	79,053	87,795
Amortisation	6(9)(23)	98,066	48,195
(Gains) losses on financial assets at fair value through profit or loss, net	6(2)(21)	(158,921)	52,089
Interest expense	6(22)	51,914	31,125
Loss on investments in debt instruments at fair value through other comprehensive income, net	6(21)	-	11,978
Impairment loss		40,059	-
Interest income	6(19)	(12,443)	(24,286)
Dividend income	6(20)	(12,204)	(46,543)
Share of loss of associates accounted for using equity method	6(6)	283,553	167,729
Gains on disposals of property, plant and equipment	6(21)	(1,137)	(1,816)
Losses on disposal of investments accounted for using equity method	6(21)	-	41,066
Gains from lease modification	6(8)(21)	(2)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		123,725	283,753
Accounts receivable due from related parties, net		(7,352)	756
Other receivables		6,296	53,492
Other receivables - due from related party		(10,576)	(73,822)
Inventories		658,577	(332,078)
Prepayments		(101,765)	11,119
Other current assets		(15,161)	(758)
Changes in operating liabilities			
Accounts payable		44,681	(260,299)
Other payables		(133,064)	12,619
Other payables - due from related party		(614)	7,268
Current refund liabilities		(31,340)	14,237
Other current liabilities		21,766	(5,889)
Others		10	-
Cash inflow (outflow) generated from operations		162,780	(781,504)
Income taxes paid		(89,977)	(604,378)
Interest paid		(52,485)	(28,527)
Interest received		11,246	23,155
Cash dividends received		22,237	79,543
Net cash flows from (used in) operating activities		53,801	(1,311,711)

(Continued)

EGIS TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		($ 68,828)	($ 642,329)
Proceeds from disposal of financial assets at fair value through profit or loss		201,173	660,811
Acquisition of financial assets at fair value through other comprehensive income		(35,000)	(1,982,412)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(26)	99,470	133,411
Proceeds from disposal of financial assets at amortised cost		-	676,800
Acquisition of investments accounted for using equity method	6(26)	(71,900)	(220,800)
Acquisition of property, plant and equipment	6(26)	(22,749)	(31,472)
Proceeds from disposal of property, plant and equipment		3,100	5,562
Acquisition of intangible assets	6(26)	(125,671)	(95,072)
Collection of prepayments for investments		-	134,400
Decrease in other non-current assets		2,475	475
Net cash flows used in investing activities		(17,930)	(1,360,626)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(27)	1,194,000	1,042,584
Decrease in short-term loans	6(27)	(1,042,584)	(100,000)
Proceeds from long-term debt	6(27)	-	993,700
Repayments of long-term debt	6(27)	(420,000)	(150,000)
Cash dividends paid	6(16)	(207,815)	(692,718)
Proceeds from issuance of shares	6(14)	350,000	-
Payments of lease liabilities	6(27)	(35,898)	(36,981)
Increase in other non-current liabilities	6(27)	108	718
Net cash flows (used in) from financing activities		(162,189)	1,057,303
Net decrease in cash and cash equivalents		(126,318)	(1,615,034)
Cash and cash equivalents at beginning of year		506,092	2,121,126
Cash and cash equivalents at end of year		$ 379,774	$ 506,092

The accompanying notes are an integral part of these parent company only financial statements.

EGIS TECHNOLOGY INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in New Taiwan dollars, except as otherwise indicated)

1. History and Organization

EGIS TECHNOLOGY INC. (the "Company") was incorporated on December 26, 2007 as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 30F.-1, No. 118, Ciyun Rd., East Dist., Hsinchu City, Taiwan. The Company is primarily engaged in research, development and sales of data security software, biometric identification software and hardware.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorized for issuance by the Board of Directors on March 12, 2024.

3. Application of New Standards, Amendments and Interpretations

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

   Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with 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") 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.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

   (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

   (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

   (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

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

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

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

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

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

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

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

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

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

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

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

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

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

(8) Accounts receivable

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

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method / subsidiaries and associates

A. 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.

B. Unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interests), transactions shall be considered as equity transactions, which are transactions with owners. Any difference between adjustment of non-controlling interests and fair value of consideration paid or received is recognized directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition. Any difference between fair value and carrying amount is recognized in 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 Company 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.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the associates are consistent with the policies adopted by the Company.

J. When an associate issues new shares and the company fails to subscribe to or acquire them in proportion, resulting in a significant impact on the investment ratio but still having a substantial effect on its net equity value changes, the adjustment of the increase or decrease in the net equity value shall be made to "Capital surplus" and " Investments accounted for using equity method " If the decrease in the investment ratio is caused, in addition to the aforementioned adjustment, by the reduction of ownership equity related to previously recognized gains or losses in other comprehensive income, and such gains or losses shall be reclassified to profit or loss when disposing of the relevant assets or liabilities, they shall be reclassified to profit or loss according to the decreased ratio.

K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

N. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Information equipment	2 ~ 6 years
Research and development equipment	2 ~ 3 years
Leasehold improvements	3 years
Others	2 ~ 6 years

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

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

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

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

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

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

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

(c) Any incurred initial direct costs.

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

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

(15) Intangible assets

A. Goodwill

Goodwill arising from the acquisition of subsidiary was included in intangible assets. Goodwill arising from investments accounted for using equity method was included in the carrying amount of investments. Goodwill is not amortized, and is measured at cost less accumulated impairment.

B. Patent, technical skill, customer relationship and software cost are stated at cost and amortized on a straight-line basis over its estimated useful life as follows:

Patents	3 ~ 15 years
Technical skills	8 years
Software cost	1 ~ 4 years

(16) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(17) Borrowings

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

(18) Accounts payable

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

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

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions - defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

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

(22) Income tax

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

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

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

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

(23) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's directors. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends in the Company's financial statements in the period in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods

(a) The Company provides design services for integrated circuits. Revenue from providing services is recognized in the accounting period in which the services are rendered.

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

(c) If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

B. Rendering services

(a) Revenues arising from providing entrusted design services according to contract specifications agreed upon by customers are recognized when control of the service result has transferred upon completion of the entrusted design services, being when the transaction result of providing service is delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the service result.

(b) A receivable is recognized when the service has been rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

C. Financing components

As the Company predicts the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(26) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

(1) Critical judgements in applying the Company's accounting policies

The Company held 22.01% of voting rights in Alcor, and was its single major shareholder. In 2022, the Company obtained 3 board seats, and on July 11, 2022, the Company obtained a support agreement from 2 other directors indicating that they support the Company's management strategy, and accordingly, the Company obtained substantial control over Alcor in the Board of Directors. Therefore, the Company recognized Alcor as its subsidiary.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $280,185.

B. Valuation of financial assets without active markets

The valuation process of financial assets without active markets, including the valuation method and related parameters and assumptions used, relies on the Company's subjective judgement, and significant changes may occur.

As of December 31, 2023, the carrying amount of financial assets without active market was $975,187.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Refer to Note 6(9) for the information of goodwill impairment.

D. Impairment assessment of investments accounted for using equity method

When indicators of impairment suggest that an investments accounted for using equity method may be impaired to the extent that its carrying amount cannot be recovered, the company promptly assesses the impairment of the investment. The company evaluates the recoverable amount of the investment based on the present value of the expected future cash flows of the investee and analyzes the reasonableness of its related assumptions.

As of December 31, 2023, the Company recognized an impairment loss on the equity method investment of $2,295,036.

E. Realizability of deferred tax assets.

Deferred tax assets are recognized when it is probable that there will be sufficient taxable income available in the future to utilize temporary differences. When assessing the realizability of deferred tax assets, significant accounting judgments and estimates by management are involved, including assumptions about expected future growth in sales revenue and profit margins, available tax deductions, tax planning, and other factors. Any changes in the global economic environment, industry conditions, or regulatory changes may result in significant adjustments to deferred tax assets.

As of December 31, 2023, the Company recognized deferred tax assets of $301,586.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand and revolving funds	$	599	$	776
Checking accounts and demand deposits		348,470		452,188
Time deposits		30,705		53,128
	$	379,774	$	506,092

A. The above deposits pertain to high liquidity investments with a maturity of less than 3 months.

B. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

C. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ -	$ 90,846
Foreign unlisted stocks	-	13,325
	$ -	$ 104,171
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Convertible bonds	$ 157,179	$ 177,473
Beneficiary certificates	173,250	163,956
Domestic listed stocks	472,966	409,247
Domestic unlisted stocks	100,839	158,106
Foreign unlisted stocks	104,545	-
	$ 1,008,779	$ 908,782

A. For the years ended December 31, 2023 and 2022, the Company recognized net gain (loss) on financial assets at fair value through profit or loss in the amount of $158,921 and ($52,089), respectively.

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. For the information relating to fair value of financial assets at fair value through profit or loss, refer to Note 12(3).

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Debt instruments		
Bonds	$ 5,605	$ 5,143
Equity instruments		
Domestic listed stocks	1,381,935	903,814
Domestic unlisted stocks	274,708	271,145
Foreign listed stocks	19,005	66,792
Foreign unlisted stocks	164,666	225,038
	$ 1,845,919	$ 1,471,932

A. The Company holds the above debt instruments within a business model whose objective is achieved by collecting the contractual cash flows and by selling financial assets, and thus the Company designated such debt instruments as financial assets at fair value through other comprehensive income.

B. The Company has elected to classify investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,840,314 and $1,466,789 as at December 31, 2023 and 2022, respectively.

C. Aiming to satisfy the operating plan, the Company sold 916 thousand shares of ION ELECTRONIC MATERIALS CO., LTD. at value of $100,403 which resulted in cumulative gain on disposal of $77,503 during the year ended December 31, 2023. In addition, due to the acquisition of control over StarRiver by the subsidiary, Alcor, the Company transferred the equity instruments that were originally classified as financial assets at fair value through other comprehensive income to investments accounted for using equity method which resulted in cumulative gain on disposal of $54,577 on October 24, 2023. Refer to Note 6(6) for details.

No strategic investments were disposed during the year ended December 31, 2022, and there were no transfers of any cumulative gain or loss within equity related to these investments.

D. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 499,986	($ 776,764)
Cumulative gains reclassified to retained earnings due to derecognition	$ 132,080	$ -
Dividend income recognised in profit or loss held at end of year	$ 1,550	$ 43,737

	Years ended December 31	
	2023	2022
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income (loss)	$ 472	($ 9,053)
Cumulative other comprehensive income reclassified to profit or loss due to derecognition	$ -	$ 11,978
Interest income recognised in profit or loss	$ 239	$ 3,492

E. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was the recognized carrying amount of the financial assets.

F. Details of the Company’s financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

G. Information relating to fair value of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 200,749	$ 324,474

A. The aging analysis of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 199,762	$ 324,474
31 to 90 days	987	-
	$ 200,749	$ 324,474

The above aging analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $608,227.

C. The Company has no accounts receivable pledged to others.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was the carrying amount of the financial assets.

E. The Company comprehensively considered the geographic area, product types and credit rating of each customer. The Company applies the modified approach using a provision matrix to estimate the expected credit loss. The Company used the consideration of forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the Company's expected credit loss rates were not significant.

F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 128,871	$ 620,410
Work in progress	149,889	317,921
Finished goods	1,425	431
	$ 280,185	$ 938,762

A. For the years ended December 31, 2023 and 2022, the costs of inventories recognized as cost of goods sold were $1,358,942 and $1,676,222, respectively. The Company wrote down from cost to net realizable value which was accounted for as cost of goods sold for the years ended December 31, 2023 and 2022 in the amount of $233,769 and $45,941, respectively.

B. The Company has no inventories pledged to others.

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method are listed below:

Investee	December 31, 2023 Ownership	December 31, 2023 Book value	December 31, 2022 Ownership	December 31, 2022 Book value	
Subsidiaries:					
Egis Technology (Japan) Inc.	100.00%	$ 1,103	100.00%	$ 854	
Egis Technology Korea Inc.	100.00%	26,628	100.00%	27,171	
OceanX Inc.	100.00%	2,113	100.00%	2,198	Note 1
Egis Intelligent (Shanghai) Co., Ltd.	100.00%	41,180	100.00%	51,424	
Egis (Hong Kong) Limited	100.00%	-	100.00%	-	Note 2
VASUBI Technology Inc.	100.00%	(928)	100.00%	22,053	
NUI Technology Inc.	100.00%	43,891	100.00%	74,420	
Taurus Wireless Inc.	100.00%	8,245	100.00%	2,147	
Luxsentek Microelectronics Corp.	86.93%	6,391	86.93%	4,993	
Alcor Micro, Corp. (Alcor)	20.49%	688,898	22.01%	689,312	
Transducer Star Technology Inc. (Transducer Star)	90.26%	18,064	-	-	
StarRiver Semiconductor Corp. (StarRiver)	7.27%	94,685	-	-	Note 3
Associates:					
iCatch Technology Inc. (iCatchtek)	18.84%	1,086,047	18.91%	1,169,344	
SCT Holdings Ltd. (SCT)	19.51%	278,719	20.00%	367,339	
Vitrio Technology Corporation	-	-	50.00%	-	Note 4
Egis Innovation Fund G.P., Ltd.	-	-	50.00%	7,487	Note 5
		$ 2,295,036		$ 2,418,742	

Note 1: Sense Investment and Consulting Inc. was renamed as OceanX Inc. in 2023.

Note 2: It was established on August 17, 2015. However, the Company has not yet completed the capital injection.

Note 3: 7.27% and 55% of voting rights were held by the Company and the subsidiary, Alcor, respectively.

Note 4: The carrying amount was $0 since the amount of loss on investment has reached its holding cost on December 31, 2022. The associate had been liquidated in 2023.

Note 5: The associate is currently in the process of liquidation.

B. Share of profit/(loss) of subsidiaries and associates accounted for using equity method is shown as follows:

Investee	2023	2022	
Subsidiaries:			
Egis Technology (Japan) Inc.	$ 340	$ 464	
Egis Technology Korea Inc.	194	1,309	
OceanX Inc.	(52)	35	
Egis Intelligent (Shanghai) Co., Ltd.	(9,484)	(4,032)	
VASUBI Technology Inc.	(22,981)	(17,947)	
NUI Technology Inc.	(30,529)	(15,580)	
Taurus Wireless Inc.	(33,902)	(7,853)	
Luxsentek Microelectronics Corp.	1,397	(64,144)	
Igistec Co., Ltd.	-	(260)	Note 1
Alcor Micro, Corp.	(27,512)	3,441	
Transducer Star Technology Inc.	(12,922)	-	
StarRiver Semiconductor Corp.	108	-	
Associates:			
iCatch Technology Inc.	(86,749)	(57,225)	Note 2
SCT Holdings Ltd.	(61,445)	(5,924)	Note 3
Egis Innovation Fund G.P., Ltd.	(16)	(13)	Note 4
	($ 283,553)	($ 167,729)	

Note 1: It was a company which was liquidated in 2022.

Note 2: For the years ended December 31, 2023 and 2022, share of loss of iCatchtek was recognized based on the financial statements audited by other auditors.

Note 3: For the year ended December 31, 2023, share of loss of SCT was recognized based on the financial statements audited by other auditors.

Note 4: The Company's loss on investment in Egis Innovation Fund G.P., Ltd. was insignificant and was recognized based on the investee's unaudited financial statements as of December 31, 2023.

C. The Company acquired 85.58% equity interest in Transducer Star on February 24, 2023 and considered the entity as a subsidiary. Transducer Star increased its capital by issuing 1,000 thousand new shares after obtaining the directors' letter of agreement on September 11, 2023. The Company's shareholding ratio in the subsidiary changed to 90.26% as the Company subscribed all of the shares issued.

D. The Company held 22.01% equity interest in Alcor, and was the single major shareholder of Alcor. Based on the attendance in the shareholders' meeting and the result of reelection of directors of Alcor on June 15, 2022, as well as the effective agreements obtained from other shareholders on July 11, 2022, the Company has obtained majority voting rights in the Board of Directors of Alcor. As the Company was assessed to have the ability to direct significant activities relating to Alcor's operations, and the Company had control over Alcor. Alcor was considered as a subsidiary starting from July 11, 2022.

Since Alcor issued restricted stocks, the Company's total shareholding ratio as at December 31, 2023 and 2022 were changed to 20.49% and 22.01%, respectively.

E. The Company's subsidiary, Alcor, acquired 55% of voting rights in StarRiver on October 24, 2023 and acquired control over StarRiver. Therefore, the Company transferred the equity instruments that were originally classified as financial assets at fair value through other comprehensive income to investments accounted for using equity method. Together with the 7.27% of voting shares held by the Company, the Company and Alcor collectively held 62.27% of StarRiver.

F. In December 2021, the Company invested the amount of $652,000 in iCatchtek and acquired 11.83% equity interest. In January 2022, the Company acquired an additional ownership of $537,600 in iCatchtek through public offering, resulting in the Company's ownership in iCatchtek to increase to 21.03%. As the Company has significant influence over iCatchtek, the investment was accounted for using equity method. Additionally, on November 2, 2022, iCatchtek processed a cash capital increase by issuing new shares, however the Company did not subscribe to the capital increase proportionately to its ownership percentage. As a result, the Company's ownership decreased to 18.91%. However, the Company held 3 board seats and still has significant influence over iCatchtek.

Since iCatchtek issued restricted stocks, the Company's total shareholding ratio as at December 31, 2023 and 2022 was changed to 18.84% and 19.91%, respectively.

G. In April 2022, the Company invested the amount of $73,300 in SCT and acquired 4% equity interest. In addition, the convertible bonds held by the Company were converted into common stock of SCT, resulting in the Company's ownership in SCT to increase to 20.00%. As the Company has significant influence over SCT, the investment was accounted for using equity method. In addition, SCT increased its capital by issuing new shares on February 3, 2023. The Company did not subscribe to the new shares in proportion to its shareholding, resulting in a decrease in the shareholding ratio to 19.51%. As the losses recognized on the investment in SCT exceeded the investment cost, an assessment of the recoverable amount from SCT was conducted for the fiscal year 2023. The recoverable amount was determined based on value-in-use calculations.

The main assumptions used in calculating value-in-use are operating profit margin, growth rate and discount rate. The discount rate before tax used in calculating value-in-use was 19.57% on December 31, 2023. Impairment loss from recognizing investments accounted for using equity method amounting to $40,059 was shown as 'other gains and losses'.

H. For the information regarding the subsidiaries of the Company, refer to Note 4(3) of the 2023 consolidated financial statements.

I. The summarized financial information of the associates that are material to the Company is as follows:

Balance sheets

	iCatchtek	
	December 31, 2023	December 31, 2022
Current assets	$ 1,715,128	$ 1,801,284
Non-current assets	165,499	129,531
Current liabilities	(162,063)	(155,656)
Non-current liabilities	(15,022)	(31,749)
Total net assets	$ 1,703,542	$ 1,743,410
Share in associate's net assets	$ 320,947	$ 329,853
Goodwill	166,580	166,580
Excess of investments accounted for using equity method	598,520	672,911
Carrying amount of the associate	$ 1,086,047	$ 1,169,344

	SCT	
	December 31, 2023	December 31, 2022
Current assets	$ 301,614	$ 762,561
Non-current assets	42,151	66,412
Current liabilities	(467,798)	(630,928)
Non-current liabilities	(3,919)	(7,484)
Total net assets	($ 127,952)	$ 190,561
Share in associate's net assets	$ -	$ 38,112
Goodwill	200,779	240,838
Excess of investments accounted for using equity method	77,940	88,389
Carrying amount of the associate	$ 278,719	$ 367,339

Statements of comprehensive income

	Alcor
	January 1, 2022 to July 10, 2022
Revenue	$ 823,842
Profit for the year	$ 133,363
Other comprehensive loss	(135,703)
Total comprehensive loss	($ 2,340)
Share of profit for the year	$ 16,181

	iCatchtek	
	Years ended December 31	
	2023	2022
Revenue	$ 1,100,668	$ 1,093,183
(Loss) profit for the year	($ 64,498)	$ 69,640
Other comprehensive income (loss)	9,027	(3,243)
Total comprehensive (loss) income	($ 55,471)	$ 66,397
Share of loss for the year	($ 86,749)	($ 57,225)

	SCT	
	Years ended December 31	
	2023	2022
Revenue	$ 468,217	$ 1,057,504
Loss for the year	($ 368,157)	($ 22,457)
Other comprehensive income	3,112	2,716
Total comprehensive loss	($ 365,045)	($ 19,741)
Share of loss for the year	($ 61,445)	($ 5,924)

J. The Company's material associate, iCatch Technology Inc., has quoted market prices. As of December 31, 2023 and 2022, the fair value were $1,308,600 and $720,000, respectively.

(7) Property, plant and equipment

	2023				
	Information equipment	Development equipment	Leasehold improvements	Others	Total
At January 1					
Cost	$ 87,720	$ 85,602	$ 19,546	$ 34,437	$ 227,305
Accumulated depreciation	(67,179)	(60,774)	(12,713)	(19,890)	(160,556)
	$ 20,541	$ 24,828	$ 6,833	$ 14,547	$ 66,749
At January 1	$ 20,541	$ 24,828	$ 6,833	$ 14,547	$ 66,749
Additions	11,414	15,768	-	46	27,228
Disposals	(98)	(1,819)	-	(46)	(1,963)
Depreciation charge	(15,861)	(17,569)	(5,525)	(5,597)	(44,552)
At December 31	$ 15,996	$ 21,208	$ 1,308	$ 8,950	$ 47,462
At December 31					
Cost	$ 96,073	$ 96,923	$ 19,546	$ 34,238	$ 246,780
Accumulated depreciation	(80,077)	(75,715)	(18,238)	(25,288)	(199,318)
	$ 15,996	$ 21,208	$ 1,308	$ 8,950	$ 47,462

	2022				
	Information equipment	Development equipment	Leasehold improvements	Others	Total
At January 1					
Cost	$ 80,957	$ 73,512	$ 18,656	$ 37,886	$ 211,011
Accumulated depreciation	(46,918)	(43,600)	(7,532)	(23,601)	(121,651)
	$ 34,039	$ 29,912	$ 11,124	$ 14,285	$ 89,360
At January 1	$ 34,039	$ 29,912	$ 11,124	$ 14,285	$ 89,360
Additions	8,054	12,604	1,159	9,655	31,472
Disposals	-	-	-	(3,746)	(3,746)
Depreciation charge	(21,552)	(17,688)	(5,450)	(5,647)	(50,337)
At December 31	$ 20,541	$ 24,828	$ 6,833	$ 14,547	$ 66,749
At December 31					
Cost	$ 87,720	$ 85,602	$ 19,546	$ 34,437	$ 227,305
Accumulated depreciation	(67,179)	(60,774)	(12,713)	(19,890)	(160,556)
	$ 20,541	$ 24,828	$ 6,833	$ 14,547	$ 66,749

The Company has no property, plant and equipment pledged to others.

(8) Leasing arrangements - lessee

	December 31, 2023	December 31, 2022
Right-of-use assets:		
Buildings and structures	$ 75,492	$ 106,173
Lease liability:		
Current	$ 37,288	$ 36,054
Non-current	45,618	78,989
	$ 82,906	$ 115,043

A. The Company leases various assets including buildings and parking spaces. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The depreciation charge of right-of-use assets are as follows:

	Years ended December 31	
	2023	2022
Buildings	$ 34,501	$ 37,458

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $4,302 and $46,484, respectively.

D. Short-term leases with a lease term of 12 months or less comprise parking spaces, warehouses and sites. Low-value assets comprise multifunction printers.

E. The information on profit or loss accounts relating to lease contracts is as follows:

	Years ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,222	$ 1,542
Expense on short-term lease contracts	2,721	978
Expense on leases of low-value assets	155	155
Gain on lease modification	2	-

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $39,996 and $39,656, respectively.

G. For the year ended December 31, 2023, due to earlier termination of the contract, the Company's right-of-use assets and lease liabilities decreased $482 and $484, respectively.

(9) Intangible assets

	2023				
	Goodwill	Patents	Acquired special technology	Software cost	Total
At January 1					
Cost	$ 106,827	$ 67,789	$ 84,726	$ 176,097	$ 435,439
Accumulated amortisation	-	(39,030)	(66,193)	(100,981)	(206,204)
	$ 106,827	$ 28,759	$ 18,533	$ 75,116	$ 229,235
At January 1	$ 106,827	$ 28,759	$ 18,533	$ 75,116	$ 229,235
Additions	-	-	-	334,865	334,865
Reclassification (Note)	-	-	-	(11,566)	(11,566)
Amortisation charge	-	(12,881)	(10,591)	(74,594)	(98,066)
At December 31	$ 106,827	$ 15,878	$ 7,942	$ 323,821	$ 454,468
At December 31					
Cost	$ 106,827	$ 67,789	$ 84,726	$ 482,908	$ 742,250
Accumulated amortisation	-	(51,911)	(76,784)	(159,087)	(287,782)
	$ 106,827	$ 15,878	$ 7,942	$ 323,821	$ 454,468

	2022				
	Goodwill	Patents	Acquired special technology	Software cost	Total
At January 1					
Cost	$ 106,827	$ 58,789	$ 84,726	$ 90,025	$ 340,367
Accumulated amortisation	-	(26,524)	(55,602)	(75,883)	(158,009)
	$ 106,827	$ 32,265	$ 29,124	$ 14,142	$ 182,358
At January 1	$ 106,827	$ 32,265	$ 29,124	$ 14,142	$ 182,358
Additions	-	9,000	-	86,072	95,072
Amortisation charge	-	(12,506)	(10,591)	(25,098)	(48,195)
At December 31	$ 106,827	$ 28,759	$ 18,533	$ 75,116	$ 229,235
At December 31					
Cost	$ 106,827	$ 67,789	$ 84,726	$ 176,097	$ 435,439
Accumulated amortisation	-	(39,030)	(66,193)	(100,981)	(206,204)
	$ 106,827	$ 28,759	$ 18,533	$ 75,116	$ 229,235

Note: Pertains to a transfer to other current assets - costs to fulfill a contract.

A. Details of amortization on intangible assets are as follows:

	Years ended December 31	
	2023	2022
Operating costs	$ 464	$ -
Selling expenses	-	36
General and administrative expenses	2,452	3,773
Research and development expenses	95,150	44,386
	$ 98,066	$ 48,195

B. The Company has no intangible assets pledged to others.

C. Goodwill is allocated as follows to the Company's cash-generating units:

	December 31, 2023	December 31, 2022
Biometric sensor chip and its application	$ 106,827	$ 106,827

D. The Company tested impairment for the cash-generating units of goodwill at the end of financial reporting period and used the value-in-use as the basis for calculating the recoverable amount.

Goodwill is allocated to the Company's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

	Years ended December 31	
	2023	2022
Biometric sensor chip and its application		
Revenue growth rate	(6)%~38%	(8)%~(10)%
Discount rate (before tax)	13.93%	9.62%

The growth rate of operating revenue used by the management is consistent with the projection included in industry reports. The adopted discount rate is a pre-tax rate measured at Taiwan government 10-year bond yield. Risk premium will be added in order to reflect the incremental risk in equities for general investments and the cash generating unit's specific systematic risk.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	December 31, 2022
Bank borrowings		
Unsecured borrowings	$ 1,194,000	$ 1,042,584
Undrawn facilities	$ 583,050	$ 1,447,236
Interest rate range	1.74%～2.81%	1.39%～2.68%

(11) Other payables

	December 31, 2023	December 31, 2022
Payable on wages, salaries and bonuses	$ 119,603	$ 167,558
Payable on acquisition of intangible assets	209,194	-
Payable on software licensing fees	70,484	117,570
Payable on raw materials on behalf of subsidiaries	41,893	-
Payable on research, development and testing expenses	16,515	44,818
Service payable	5,444	15,499
Payable on machinery and equipment	5,413	-
Payable on royalties	4,515	41,572
Others	42,782	47,797
	$ 515,843	$ 434,814

(12) Long-term borrowings

Type of borrowings	December 31, 2023	December 31, 2022
Long-term bank borrowings		
Unsecured borrowings	$ 358,000	$ 785,333
Secured borrowings	915,700	908,367
	1,273,700	1,693,700
Less: Current portion	(481,486)	(420,000)
	$ 792,214	$ 1,273,700
Undrawn facilities	$ 870,400	$ 366,300
Maturity year	2024-2027	2023-2027
Interest rate range	1.90%～2.24%	1.63%～1.98%

A. Compliance with borrowing contracts

In accordance with the regulations of the borrowing contracts between the Company and certain creditor banks, the Company shall prepare consolidated financial statements semiannually during the term of the borrowings and maintain the financial ratios agreed by both parties. If the agreed ratios are not met, the borrowing interest rate shall be raised as specified in the contracts.

For the fourth quarter of 2023 and 2022, the Company was not able to meet the required net asset value, current ratio and interest coverage ratio as agreed with certain creditor banks and accordingly, the creditor banks had to increase the borrowing interest rate in accordance with the contracts. Abovementioned matters have no significant impact to the Company.

B. Information regarding the collateral that was pledged for long-term borrowings is provided in Note 8.

(13) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were $19,630 and $25,447, respectively.

(14) Share capital

A. As of December 31, 2023, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $742,718 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's shares outstanding are as follows:

(shares in thousands)	2023	2022
At January 1	69,272	69,272
Issuance of shares - private placement	5,000	-
At December 31	74,272	69,272

B. To seek opportunities for industrial cooperation or strategic alliance for the purpose of expanding market and creating shareholders' long-term value, the stockholders at their annual stockholders' meeting on June 22, 2022 adopted a resolution to raise additional cash through private placement with the effective date set on May 16, 2023. The maximum number of shares to be issued through the private placement is 10,000 thousand shares at a subscription price of $70 (in dollars) per share. The amount of capital raised through the private placement was $350,000 which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(15) Capital surplus

	December 31, 2023	December 31, 2022
Share premium	$ 1,268,659	$ 968,659
Changes in ownership interests in subsidiaries	22,208	495
Changes in associates accounted for using the equity method	49,987	36,703
	$ 1,340,854	$ 1,005,857

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. The current year's earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After that, a special reserve shall be set aside or reverse in accordance with the related laws or regulations made by the regulatory authority. The remainder along with the opening balance of unappropriated earnings shall be proposed by the Board of Directors and submitted to the shareholders during their meeting for resolution when they are distributed in the form of new shares; and resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors then reported to the shareholders during their meeting according to Paragraph 5 of Article 240 of the Company Act when they are distributed in the form of cash.

B. The Company's dividend policy is adopted by taking into consideration current and future development plans, investment environment, capital needs, domestic and foreign competitors, shareholders' interests and the general standards of dividend distribution in the industry and capital market. The dividends to shareholders can be distributed in the form of cash or shares, and cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2022 and 2021 earnings as resolved by the shareholders at their meetings on June 21, 2023 and June 22, 2022, respectively, are as follows:

	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ -		$ 441,038	
Special reserve	782,361		75,368	
Cash dividends	207,815	$ 3.00	692,718	$ 10.00
	$ 990,176		$ 1,209,124	

F. The Board of Directors during its meeting on March 12, 2024 resolved not to distribute earnings but instead resolved the reversal of special reserve as follows:

	2023	
	Amount	Dividends per share (in dollars)
Reversal of special reserve	$ 384,039	
Cash dividends	-	$ -
	$ 384,039	

As of March 12, 2024, the above reversal of special reserve for the year ended December 31, 2023 was resolved by the Board of Directors but has not yet been reported to the shareholders for approval.

(17) Other equity interest

	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1, 2023	$ 43	($ 857,772)	($ 857,729)
Currency translation differences:			-
- The Company	(1,587)	-	(1,587)
- Subsidiaries	53	-	53
- Associates	1,965	-	1,965
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- The Company	-	499,986	499,986
- Subsidiaries	-	14,986	14,986
- Reclassifications of retained earnings on disposal of investments in equity instruments measured at fair value through other comprehensive loss to profit or loss	-	(132,080)	(132,080)
Unrealised gains from investments in debt instruments measured at fair value through other comprehensive income			
- The Company	-	472	472
- Subsidiaries	-	244	244
At December 31, 2023	$ 474	($ 474,164)	($ 473,690)

	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1, 2022	($ 594)	($ 74,774)	($ 75,368)
Currency translation differences:			
- The Company	3,515	-	3,515
- Subsidiaries	(2)	-	(2)
- Associates	4,654	-	4,654
- Reclassifications of losses on disposal of investments accounted for using the equity method to profit or loss	(7,530)	-	(7,530)
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			
- The Company	-	(776,764)	(776,764)
- Subsidiaries	-	(7,750)	(7,750)
- Associates	-	(31,949)	(31,949)
- Reclassifications of disposal of investments accounted for using the equity method to retained earnings	-	30,975	30,975
Unrealised losses from investments in debt instruments measured at fair value through other comprehensive income			
- The Company	-	(9,053)	(9,053)
- Subsidiaries	-	(413)	(413)
- Associates	-	(337)	(337)
- Reclassifications of gains on disposal of investments in debt instruments measured at fair value through other comprehensive income to profit or loss	-	11,978	11,978
- Reclassifications of gains on disposal of investments accounted for using the equity method to profit or loss	-	315	315
At December 31, 2022	$ 43	($ 857,772)	($ 857,729)

(18) Operating revenue

A. The Company derives revenue from the transfer of goods and services at a point in time in the following major geographical regions:

	Years ended December 31	
	2023	2022
Major geographical regions:		
Taiwan	$ 16,516	$ 251
Asia	1,859,128	2,506,318
	$ 1,875,644	$ 2,506,569

	Years ended December 31	
	2023	2022
Major product/service lines:		
Sales revenue	$ 1,859,514	$ 2,503,343
Service revenue	16,130	3,226
	$ 1,875,644	$ 2,506,569

B. The Company has recognized the revenue-related contract liabilities - advance receipts as other current liabilities amounting to $24,729, $46 and $1,257 on December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

C. The revenue recognized that was included in the contract liability balance at the beginning of the years ended December 31, 2023 and 2022 were $46 and $1,257, respectively.

D. Assets recognized from costs to fulfill a contract

When the Company entered into entrusted design service contracts with customers in 2023, costs incurred should be recognized in assets and accounted as other current assets in the balance sheet under IFRS 15 if they generate resources used in satisfying the contract and are expected to be recovered. As at December 31, 2023, the balance was $27,627.

(19) Interest income

	Years ended December 31	
	2023	2022
Interest income from bank deposits	$ 10,897	$ 8,966
Other interest income	1,546	15,320
	$ 12,443	$ 24,286

(20) Other income

	Years ended December 31	
	2023	2022
Dividend income	$ 12,204	$ 46,543
Rent income	5,711	3,866
Other income	3,650	6,845
	$ 21,565	$ 57,254

(21) Other gains and losses

	Years ended December 31	
	2023	2022
Gains (losses) on financial assets at fair value through profit or loss	$ 158,921	($ 52,089)
Foreign exchange gains	10,455	102,072
Gains on disposals of property, plant and equipment	1,137	1,816
Gains from lease modifications	2	-
Losses on disposals of investments	-	(41,066)
Impairment loss	(40,059)	-
Losses on disposals of investments in debt instruments at fair value through other comprehensive income	-	(11,978)
Other losses	(569)	(1,114)
	$ 129,887	($ 2,359)

(22) Finance costs

	Years ended December 31	
	2023	2022
Interest expense on bank borrowings	$ 50,692	$ 29,583
Lease liability	1,222	1,542
	$ 51,914	$ 31,125

(23) Expenses by nature

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 336	$ 476,002	$ 476,338
Labour and health insurance fees	21	28,555	28,576
Pension costs	15	19,615	19,630
Directors' remuneration	-	1,853	1,853
Other personnel expenses	5	19,491	19,496
	$ 377	$ 545,516	$ 545,893
Depreciation charge	$ 1,261	$ 77,792	$ 79,053
Amortisation charge	$ 464	$ 97,602	$ 98,066

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ -	$ 650,146	$ 650,146
Labour and health insurance fees	-	35,702	35,702
Pension costs	-	25,447	25,447
Directors' remuneration	-	624	624
Other personnel expenses	-	25,110	25,110
	$ -	$ 737,029	$ 737,029
Depreciation charge	$ 1,309	$ 86,486	$ 87,795
Amortisation charge	$ -	$ 48,195	$ 48,195

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 1% for directors' remuneration. However, if the Company has accumulated losses, earnings should be reserved to cover losses first. The aforementioned employees' compensation can be distributed in the form of shares or cash. The employees that the Company shall distribute employees' compensation include the employees of subsidiaries who meet the requirements prescribed by the Board of Directors. The directors' remuneration can only be distributed in the form of cash.

B. The employees' compensation and directors' remuneration for the years ended December 31, 2023 and 2022 were estimated and accrued based on the pre-tax profit for each of the period before deducting employees' compensation and directors' remuneration multiplied by the distribution percentage of employees' compensation and directors' remuneration as stipulated in the Articles of Incorporation of the Company and presented in operating expenses for each of the period. If there are differences between the actual distributed amounts in the following year and the accrued amounts, the differences will be accounted for as changes in estimates and recognized in the profit or loss for the following year.

C. For the years ended December 31, 2023 and 2022, the Company incurred loss before tax and thus did not accrue and distribute employees' compensation and directors' remuneration.

D. In accordance with the Articles of Incorporation, on March 29, 2023, the Board of Directors resolved not to distribute directors' remuneration and employees' compensation due to the loss for the year ended December 31, 2022.

E. Information about directors' remuneration and employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 3,447	$ 4,485
Tax on undistributed surplus earnings	-	95,322
Prior year income tax (over) under estimation	(9,396)	3,971
Total current tax	(5,949)	103,778
Deferred tax:		
Origination and reversal of temporary differences	(32,394)	(110,175)
Total deferred tax	(32,394)	(110,175)
Income tax benefit	($ 38,343)	($ 6,397)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2023	2022
Tax calculated based on loss before tax and statutory tax rate	($ 152,068)	($ 171,847)
Expenses disallowed by tax regulation	48,416	34,222
Tax exempt (income) loss by tax regulation	(15,358)	10,370
Temporary differences not recognised as deferred tax assets and liabilities	14,079	1,636
Tax losses not recognised as deferred tax assets and liabilities	72,454	-
Prior year income tax (over) under estimation	(9,396)	19,415
Tax on undistributed earnings	-	95,322
Others	3,530	4,485
Income tax benefit	($ 38,343)	($ 6,397)

(Blank)

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
-Temporary differences:			
Allowance for inventory valuation losses	$ 76,025	$ 46,754	$ 122,779
Unrealised foreign exchange loss	1,443	(875)	568
Unrealised royalties	-	14,357	14,357
Impairment loss	-	2,330	2,330
Unrealised sales allowance	-	11,873	11,873
Others	1,381	394	1,775
Tax losses	176,595	(28,691)	147,904
	$ 255,444	$ 46,142	$ 301,586
Deferred tax liabilities:			
-Temporary differences:			
Unrealised gains on financial assets	$ (1,139)	$ (13,748)	$ (14,887)
	($ 1,139)	($ 13,748)	($ 14,887)
	$ 254,305	$ 32,394	$ 286,699

	2022		
	January 1	Recognised in profit or loss	December 31
Deferred tax assets:			
-Temporary differences:			
Allowance for inventory valuation losses	$ 73,824	$ 2,201	$ 76,025
Unrealised foreign exchange loss	3,828	(2,385)	1,443
Tax losses	66,121	110,474	176,595
Others	2,337	(956)	1,381
	$ 146,110	$ 109,334	$ 255,444
Deferred tax liabilities:			
-Temporary differences:			
Unrealised gains on financial assets	$ (1,980)	$ 841	$ (1,139)
	($ 1,980)	$ 841	($ 1,139)
	$ 144,130	$ 110,175	$ 254,305

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

	December 31, 2023			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 362,271	$ 362,271	$ 362,271	2033
2022	499,123	499,123	-	2032
2021	240,397	240,397	-	2031
	$ 1,101,791	$ 1,101,791	$ 362,271	

	December 31, 2022			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	$ 499,123	$ 499,123	$ -	2032
2021	240,397	240,397	-	2031
	$ 739,520	$ 739,520	$ -	

E. The Company has not recognized taxable temporary differences associated with investment in subsidiaries and associates as deferred tax liabilities, due to the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognized as deferred tax assets were $14,118 and $1,898; the amounts of temporary differences unrecognized as deferred tax liabilities were $39 and $262, respectively.

F. The assessed and approved status of the Company’s income tax returns is as follows:

	Assessed and approved status
EGIS TECHNOLOGY INC.	Assessed and approved through 2021

(25) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 721,998)	72,422	($ 9.97)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 852,837)	69,272	($ 12.31)

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 27,228	$ 31,472
Add: Ending balance of prepayments on equipment	934	-
Less: Ending balance of payable on equipment	(5,413)	-
Cash paid during the year	$ 22,749	$ 31,472

	Years ended December 31	
	2023	2022
Purchase of intangible assets	$ 334,865	$ 95,072
Less: Ending balance of payables	(209,194)	-
Cash paid during the year	$ 125,671	$ 95,072

	Years ended December 31	
	2023	2022
Acquisition of investments accounted for using the equity method	$ 71,900	$ 758,400
Add: Collection of prepayments for investments	-	134,400
Less: Beginning balance of prepayments for investments	-	(672,000)
Cash paid during the year	$ 71,900	$ 220,800

Investing activities with partial cash receipts:

	Year ended December 31, 2023
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ 100,403
Less: Ending balance of the receivables	(933)
Cash received during the year	$ 99,470

(27) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2023	$ 1,042,584	$ 1,693,700	$ 115,043	$ 718
Changes in cash flow from financing activities	151,416	(420,000)	(35,898)	108
Changes in other non-cash items	-	-	3,761	-
At December 31, 2023	$ 1,194,000	$ 1,273,700	$ 82,906	$ 826

	Short-term borrowings	Long-term borrowings (including current portion)	Lease liabilities	Other non-current liabilities
At January 1, 2022	$ 100,000	$ 850,000	$ 105,540	$ -
Changes in cash flow from financing activities	942,584	843,700	(36,981)	718
Changes in other non-cash items	-	-	46,484	-
At December 31, 2022	$ 1,042,584	$ 1,693,700	$ 115,043	$ 718

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Egis Technology (Japan) Inc. (Egis (Japan))	Subsidiary
Egis Technology Korea Inc. (Egis (Korea))	Subsidiary
OceanX Inc. (OceanX)	Subsidiary
Luxsentek Microelectronics Corp. (Luxsentek)	Subsidiary
VASUBI Technology Inc (VASUBI)	Subsidiary
NUI Technology Inc. (NUI)	Subsidiary
Taurus Wireless Inc. (Taurus)	Subsidiary
Transducer Star Technology Inc. (Transducer Star)	Subsidiary
Alcor Micro, Corp. (Alcor)	Subsidiary (Note 1)
StarRiver Semiconductor Corp. (StarRiver)	Subsidiary
Syncomm Technology Corporation (Syncomm)	Subsidiary
Alcorlink Corp. (Alcorlink)	Subsidiary
Ene Technology Inc. (Ene)	Subsidiary
Algoltek, Inc. (Algoltek)	Subsidiary (Note 2)
Egis Vision Inc. (Egis Vision)	Subsidiary
iCatch Technology Inc. (iCatchtek)	Associate
SCT Holdings Ltd. (SCT Ltd.)	Associate
May Sun Technology Co., Ltd. (May Sun)	Other related party
Mr. MING-DUO, YU	The director of the Company (Note 3)

Note 1: Alcor Micro, Corp. has changed from an associate to a subsidiary since July 11, 2022.

Note 2: Algoltek, Inc. has changed from an associate to a subsidiary since April 1, 2023.

Note 3: Mr. MING-DUO, YU resigned as the director of the Company after the reelection of directors at the shareholders' general meeting on June 21, 2023.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31	
	2023	2022
Sales of services:		
SCT Ltd.	$ 6,983	$ -
Ene Technology Inc.	3,032	-
Egis Vision Inc.	1,985	-
Other subsidiaries	2,074	-
Sales of goods:		
Subsidiaries	-	82
	$ 14,074	$ 82

The sales of services by the Company to related parties mainly pertain to provision of packaging and testing engineering support service, entrusted management, market research and assistance in order negotiation. The transaction prices were negotiated by both parties and the collection terms were the same as those of third parties. The proceeds were collected according to the percentage of completion of contract.

For the sales of goods to related parties, the transaction prices were negotiated by both parties and the collection terms were the same as those of non-related parties, which was 45 days monthly settlement.

B. Research and development expenses - technical service expenditures.

	Years ended December 31	
	2023	2022
Purchases of services:		
Subsidiaries		
-Egis (Korea)	$ 42,719	$ 39,176
-Egis (Japan)	10,829	11,466
-VASUBI	2,381	-
Associates		
-iCatchtek	1,517	45,194
Technology licensing:		
-May Sun	5,600	-
	$ 63,046	$ 95,836

For the purchases of services from related parties, the transaction prices were negotiated by both parties and the payment terms were 15~30 days.

C. Other revenue - service revenue

	Years ended December 31	
	2023	2022
Service revenue:		
Subsidiaries	$ 480	$ 1,215

The provision of management consulting and system maintenance services to related parties had no comparison with other similar transactions. The prices and terms were determined based on mutual agreement.

D. Other revenue - rent revenue

(a) The Company leased buildings and parking spaces to related parties. Rental contracts are made for periods not over 1 year. The rent was based on the rent level of similar assets and was settled monthly.

(b) Rent revenue

	Years ended December 31	
	2023	2022
Subsidiaries	$ 2,777	$ 1,382

E. Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiaries	$ 2,043	$ -
SCT Ltd.	5,309	-
	7,352	-
Other receivables - service revenue:		
SCT Ltd.	89,456	82,360
Ene Technology Inc.	18,806	-
Subsidiaries	94	15,420
	108,356	97,780
	$ 115,708	$ 97,780

The receivables from related parties arise mainly from provision of services, payment on behalf of others, purchasing inventory on behalf of associates and purchasing research and development-related supplies. The receivables are unsecured in nature and bear no interest.

F. Other payables

	December 31, 2023	December 31, 2022
Other payables:		
Egis (Korea)	$ 5,867	$ 3,336
VASUBI	2,500	-
Other subsidiaries	971	976
Associate	-	7,320
May Sun	1,680	-
	$ 11,018	$ 11,632

The other payables to related parties arise mainly from technical service expenditures.

G. Receipt in advance

	2022
Syncomm	$ 7,500
iCatchtek	1,165
Other subsidiaries	674
	$ 9,339

The above pertains to advance receipts for entrusted design services.

G. Property transactions:

(a) Acquisition of property, plant and equipment

	Years ended December 31	
	2023	2022
Subsidiaries	$ 5,023	$ 2,073

(b) Disposal of property, plant and equipment

	Year ended December 31, 2023	
	Proceeds from disposal	Gain on disposal
Subsidiaries	$ 209	$ 106

	Year ended December 31, 2022	
	Proceeds from disposal	Gain on disposal
Subsidiaries	$ 356	$ 8

(c) Acquisition of subsidiaries' equity interest

i. On February 24, 2023, the Company purchased 200 thousand shares of Transducer Star from Mr. MING-DUO, YU at a price of NT$10 (in dollars) per share, totaling $2,000.

ii. On April 26, 2023 and August 23, 2023, the Company participated in the capital increase of Taurus by subscribing 1,000 thousand shares and 3,000 thousand shares at a price of NT$10 (in dollars) per share, totaling $40,000.

iii. On September 11, 2023, the Company participated in the capital increase of Transducer Star by subscribing 1,000 thousand shares at a price of NT$10 (in dollars) per share, totaling $10,000.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Short-term employee benefits	$ 44,897	$ 83,697
Post-employment benefits	712	940
	$ 45,609	$ 84,637

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Non-current financial assets at fair value through other comprehensive income	$ 1,287,337	$ 893,637	Note
	$ 1,287,337	$ 893,637	

Note: Guarantee for long-term bank borrowings.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

A. Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed complaint for patent infringement with the Beijing Intellectual Property Court against the Company in July 2020, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision in favour of the Company from the Beijing Intellectual Property Court on July 1, 2023, and the Beijing Intellectual Property Court refuted all of Goodix's claims. The Company subsequently received a notice of appeal from Goodix on July 25, 2023; and the company received the notice of response from the Supreme People's Court on November 20, 2023. Management is of the opinion that the complaint will have no immediate material negative effect on the Croup's operating and finance activities.

B. Goodix has filed a complaint for patent infringement with the Fuzhou Intermediate People's Court against the Company in March 2021, wherein it requested the Company to pay compensation amounting to RMB 50.5 million. The Company received the decision from Fuzhou Intermediate People's Court on December 30, 2022, stating that the Company has committed patent infringement. The Company filed an appeal on January 16, 2023, with the Supreme People's Court. The ultimate outcome of the complaint is presently undeterminable. Management is of the opinion that the complaint will have no immediate material negative effect on the Company's operating and finance activities.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. Information about the earnings appropriation for 2023 of the Company is provided in Note 6(16).

B. On January 15, 2024, the Company's Board of Directors resolved the share exchange with cash and the Company's issued new shares as consideration. The Company obtained 100% issued equity interest in Inpsytech, Inc. ("Inpsytech"). Each of the ordinary share of Inpsytech can be exchanged for NT$179.48 (in dollars) and 0.959341032 newly issued ordinary share of the Company. The final share exchange ratio will be adjusted according to the share exchange contract of both parties. The total consideration is approximately NT$4.7 billion (cash consideration is approximately NT$2.6 billion and stock consideration is approximately NT$2.1 billion) if calculated based on the closing price on the latest day. After the share exchange is approved by relevant competent authority and the share exchange procedures are completed, the effective date of the share exchange is temporarily set on July 1, 2024. After the share exchange is completed, Inpsytech will become a wholly-owned subsidiary of the Company.

C. On January 2, 2024, the Company acquired 1,500 thousand ordinary shares of the subsidiary, Egis Vision Inc. ('Egis Vision'), from the subsidiary, Alcorlink Corp. ('Alcorlink'), at NT$15 (in dollars) per share totaling $22,500 for a 20% equity interest in Egis Vision.

D. On January 17, 2024, the Company's subsidiary, Egis Vision, increased its capital by issuing 4,000 thousand ordinary shares at NT$15 (in dollars) per share. 2,986 thousand shares of which totaling $44,785 will be subscribed by the Company. After the capital increase is completed, together with the shares acquired from Alcorlink, the Company holds a total of 39.01% equity interest in Egis Vision.

E. On March 12, 2024, the Company proposed to increase its capital by issuing ordinary shares through private placement to cooperate with the operational development and strengthen the long-term relationships with strategic partners and the Company's competitiveness. The maximum number of shares to be issued is 10,000 thousand shares. The private placement will be processed four times within one year from the date of the resolution at the shareholders' meeting.

F. The Company plans to convert the receivables from the associate SCT Holdings Ltd. into equity investments, subscribing to 2,143 thousand shares at US$1.4 (in dollars) per share, with a total price of approximately US$3,000 thousand.

12. Others

(1) Capital management

The Company plans the fund requirements for future operating capital, research and development expenses, repayment of debt and dividends distribution based on the Company's characteristics of current operating industry and the Company's future development, taking into account changes in the external environment so as to safeguard the Company's ability to continue as a going concern, provide returns for shareholders as well as the benefit of other related parties and maintain an optimal capital structure to enhance shareholders' value in the long-term.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss (Note 1)	$ 1,008,779	$ 1,012,953
Financial assets at fair value through other comprehensive income (Note 2)	$ 1,845,919	$ 1,471,932
Financial assets at amortised cost		
Cash and cash equivalents	$ 379,774	$ 506,092
Accounts receivable (including related parties)	208,101	324,474
Other receivables (including related parties)	118,041	101,557
Guarantee deposits paid	8,109	8,171
	$ 714,025	$ 940,294

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 1,194,000	$ 1,042,584
Accounts payable	115,804	71,123
Long-term borrowings (including current portion)	1,273,700	1,693,700
Other payables (including related parties)	526,861	446,446
Guarantee deposits received	826	718
	$ 3,111,191	$ 3,254,571
Lease liabilities	$ 82,906	$ 115,043

Note 1: Refers to financial assets mandatorily measured at fair value through profit or loss.

Note 2: Refers to investments in equity and debt instruments (non-current).

B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's Board of Directors is responsible for the development and control of the Company's risk management policies. The establishment of risk management policies is to identify and analyse risks that the Company faces, set appropriate risk limits and control and monitor the compliance of risks and risk limits. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and operations of the Company.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to manage its foreign exchange risk against its functional currency.

iii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NT$)	Degree of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD:NTD	$ 20,621	30.71	$ 633,271	1%	$ 6,333
Non-monetary items					
USD:NTD	25,360	30.71	778,813		
SEK:NTD	6,170	3.08	19,005		
RMB:NTD	9,510	4.33	41,180		
KRW:NTD	1,331,400	0.02	26,628		
Financial liabilities					
Monetary items					
USD:NTD	16,667	30.71	511,844	1%	5,118

	December 31, 2022						
					Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate		Book value (NT$)	Degree of variation		Effect on profit or loss
Financial assets							
Monetary items							
USD:NTD	$ 22,188	30.71	$	681,393	1%	$	6,814
Non-monetary items							
USD:NTD	27,658	30.71		849,372			
SEK:NTD	22,718	2.94		66,792			
RMB:NTD	11,661	4.41		51,424			
KRW:NTD	1,358,550	0.02		27,171			
Financial liabilities							
Monetary items							
USD:NTD	11,893	30.71		365,234	1%		3,652

The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $10,455 and $102,072, respectively.

Price risk

i. The Company’s equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company’s investments in equity securities comprise open-end funds. The prices of equity securities would change due to the change of the future value of investee companies. Additionally, the unlisted equity securities and convertible bonds were held for strategic investment, thus the Company did not actively transact such investments. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $40,351 and $40,518, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $73,613 and $58,877, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. On December 31, 2023 and 2022, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax, for the years ended December 31, 2023 and 2022 would have increased/decreased by $19,742 and $21,890, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is cash and cash equivalents as well as counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. The Company manages its credit risk taking into consideration the Company's concern. For banks and financial institutions, only independently rated parties with a certain grade are accepted. According to the Company's credit policy, it is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) If any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

iv. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The default occurs when the contract payments are past due over 90 days.

vi. The Company classifies customer's accounts receivable in consideration of credit risk on trade. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

viii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

ix. The Company used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, which was insignificant as of December 31, 2023 and 2022.

(c) Liquidity risk

i. Company treasury monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

		December 31, 2023	
		Less than a year		Over a year
Non-derivative financial liabilities:				
Short-term borrowings	$	1,197,821	$	-
Accounts payable		115,804		-
Other payables (including related parties)		526,861		-
Lease liabilities		37,503		46,652
Long-term borrowings (including current portion)		507,078		840,079

		December 31, 2022		
		Less than a year		Over a year
Non-derivative financial liabilities:				
Short-term borrowings	$	1,045,577	$	-
Accounts payable		71,123		-
Other payables (including related parties)		446,446		-
Lease liabilities		36,259		81,176
Long-term borrowings (including current portion)		453,830		1,342,489

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in certain beneficiary certificates and certain financial assets at fair value through other comprehensive income is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain beneficiary certificates, hybrid instruments and certain financial assets at fair value through other comprehensive income is included in Level 3.

B. Financial instruments not measured at fair value:

The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable, short-term borrowings, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ -	$ -	$ 173,250	$ 173,250
Equity instruments	472,966	-	205,384	678,350
Convertible bonds	-	-	157,179	157,179
Financial assets at fair value through other comprehensive income				
Equity instruments	1,400,940	-	439,374	1,840,314
Debt instruments	5,605	-	-	5,605
	$ 1,879,511	$ -	$ 975,187	$ 2,854,698

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 193,746	$ -	$ 61,056	$ 254,802
Equity instruments	409,247	-	171,431	580,678
Convertible bonds	-	-	177,473	177,473
Financial assets at fair value through other comprehensive income				
Equity instruments	970,606	-	496,183	1,466,789
Debt instruments	5,143	-	-	5,143
	$ 1,578,742	$ -	$ 906,143	$ 2,484,885

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Stocks	Closed-end fund	Open-end fund	Corporate bond
Market quoted price	Closing price	Closing price	Net asset value	Ex-dividend quoted price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by reference to counterparty quotes.

(c) If one or more of the significant inputs are not obtained based on observable market data, the financial instruments are included in level 3.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Non-derivative instrument	Non-derivative instrument
At January 1	$ 906,143	$ 877,953
Gains and losses recognised in profit or loss	87,776	15,605
Gains and losses recognised in other comprehensive income	60,220	(92,868)
Acquired during the year	103,828	404,857
Disposed during the year	(94,579)	(299,404)
Transferd out from level 3	(90,969)	-
Others	2,768	-
At December 31	$ 975,187	$ 906,143

G. The Company had obtained sufficient observable market information for certain financial assets at fair value through other comprehensive income for the year ended December 31, 2023. Therefore, the Company has transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 420,963	Market comparable companies	Price to book ratio multiple	1.85~27.70	The higher the discount for lack of marketability, the lower the fair value.
		Discounted cash flow	Discount for lack of marketability	30%	The higher the multiple and control premium, the higher the fair value
	223,795	Most recent non-active market price	Not applicable	Not applicable	Not applicable.
Beneficiary certificates	173,250	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	157,179	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 667,614	Market comparable companies	Price to book ratio multiple	1.64~23.21	The higher the discount for lack of marketability, the lower the fair value.
		Discounted cash flow	Discount for lack of marketability	30%	The higher the multiple and control premium, the higher the fair value.
Beneficiary certificates	61,056	Net asset value	Net asset value	Not applicable	The higher the net asset value, the higher the fair value.
Convertible bonds	177,473	Discounted cash flow	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ 2,054	($ 2,054)	$ 4,394	($ 4,394)
Debt instrument	Discount for lack of marketability	±1%	1,572	(1,572)	-	-

			December 31, 2022			
			Recognised in profit or loss		Recognised in profit or loss	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ 1,714	($ 1,714)	$ 4,962	($ 4,962)
Debt instrument	Discount for lack of marketability	±1%	1,775	(1,775)	-	-

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Refer to table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to 6 (2).

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to 13 (1) J.

(4) Major shareholders information

Refer to table 6.

14. Segment Information

The operating segment information is disclosed in the consolidated financial statements in accordance with the regulations.

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EGIS TECHNOLOGY INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Summary	Amount	Note
Cash on hand and revolving funds		$ 599	
Demand deposits (NTD)		54,295	
Demand deposits (foreign currency)	USD 9,292 thousand, exchange rate 30.71	285,321	
	RMB 2,040 thousand, exchange rate 4.33	8,826	
	HKD 7 thousand, exchange rate 3.93	28	
Time deposits (foreign currency)	USD 1,000 thousand, exchange rate 30.71	30,705	Note
		$ 379,774	

Note: The term of time deposits was from December 2, 2023 to January 2, 2024 and the interest rate was 5.15%.

EGIS TECHNOLOGY INC.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Summary	Amount	Note
A client		$ 94,385	
B client		45,641	
C client		19,646	
D client		19,294	
E client		15,815	
Others		5,968	The balance of each customer has not exceeded 5% of accounts receivable.
		$ 200,749	

EGIS TECHNOLOGY INC.
DETAILS OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount		Note
		Cost (Note)	Net Realisable Value	
Raw materials		$ 128,871	$ 128,966	Market value is based on the net realisable value.
Work in progress		149,889	259,145	〃
Finished goods		1,425	2,313	〃
		$ 280,185	$ 390,424	

Note: Allowance for inventory valuation losses have been deducted from the cost.

EGIS TECHNOLOGY INC.
CHANGES IN NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition		Decrease			Ending Balance			
Name of Financial Instrument	Shares (in thousands)	Fair Value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Unrealised changes in profit or loss	Shares (in thousands)	Fair Value	Collateral	Note
Nomura Fallen Angel High Yield Bond Fund	9,897	$ 90,846	-	$ -	(9,897)	($ 93,267)	$ 2,421	-	$ -	None	
Netlink Communication Inc. Convertible bonds	-	146,763	-	-	-	-	10,416	-	157,179	〃	
Gear Radio Limited. Convertible bonds	-	30,710	-	-	-	(30,750)	40	-	-	〃	
BE Epitaxy Semiconductor Technology Co., Ltd.	5,153	76,232	-	-	-	-	13,807	5,153	90,039	〃	
Dian-Te Gas Investment LP	-	71,674	-	-	-	-	8,366	-	80,040	〃	
Airoha Technology Corp.	560	297,287	-	-	-	-	25,833	560	323,120	〃	
JET OPTOELECTRONICS CO., LTD.	2,400	111,960	424	-	-	-	37,886	2,824	149,846	〃	Note 1
Linkou Golf Club	-	10,200	-	-	-	-	600	-	10,800	〃	
Sirius Wireless Pte. Ltd	10,020	13,325	14,187	31,280	-	-	59,940	24,207	104,545	〃	Note 2
Megawood Capital	-	-	-	22,500			-	-	22,500	〃	
Vertex Growth (SG) LP	-	45,271	-	1,429	-	-	(2,117)	-	44,583	〃	
Vertex Growth II (SG) LP	-	6,935	-	9,398	-	-	(1,577)	-	14,756	〃	
Vertex Venture (SG) SEA IV LP	-	8,850	-	1,221	-	-	(1,311)	-	8,760	〃	
JAFCO Taiwan II Venture Capital Limited Partnership	-	-	-	3,000	-	-	(389)	-	2,611	〃	
Shin Kong No.1 REIT	5,000	102,900	-	-	(5,000)	(107,906)	5,006	-	-	〃	
		$ 1,012,953		$ 68,828		($ 231,923)	$ 158,921		$ 1,008,779		

Note 1: The addition refers to capitalisation of earnings.

Note 2: The financial instrument was reclassified from current financial assets at fair value through profit or loss to non-current financial assets at fair value through profit or loss and subscribed for 4,167 thousand shares.

EGIS TECHNOLOGY INC.
CHANGES IN NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition (Note 1)		Decrease (Note 2)			Ending Balance				
Name	Shares (in thousands)	Fair Value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Unrealised changes in profit or loss	Shares (in thousands)	Fair Value	Accumulated Impairment	Collateral	Note
Gingy Technology Inc.	33	$ 238	-	$ -	-	$ -	($ 183)	33	$ 55	$ -	None	
Integrated Digital Technologies, Inc.	4,000	-	-	-	-	-	-	4,000	-	-	〃	
AIStorm, Inc.	5,211	178,351	-	-	-	-	(61,770)	5,211	116,581	-	〃	
MEMS DRIVE INC.	188	17,256	-	-	-	-	(16,509)	188	747	-	〃	
ION ELECTRONIC MATERIALS CO., LTD.	1,600	90,971	-	-	(916)	(100,403)	89,369	684	79,937	-	〃	
Astrogate Inc.	1,000	2,606	-	-	-	-	(2,295)	1,000	311	-	〃	
Calumino Pty Ltd.	1,011	15,935	-	-	-	-	(15,935)	1,011	-	-	〃	
Gallopwave Inc.	2,500	8,349	625	5,000	-	-	5,548	3,125	18,897	-	〃	
xMEMS Labs, Inc.	1,003	8,887	-	-	-	-	(547)	1,003	8,340	-	〃	
Attopsemi Technology Co., Ltd.	500	123,396	-	-	-	-	12,799	500	136,195	-	〃	
CyteSi, Inc.	163	4,609	-	-	-	-	72	163	4,681	-	〃	
Silicon Optronics, Inc.	12,641	903,814	-	-	-	-	398,184	12,641	1,301,998	-	Pledged long-term borrowings	
Augentix Inc.	1,050	5,585	-	-	-	-	83,665	1,050	89,250	-	None	

EGIS TECHNOLOGY INC.
CHANGES IN NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition (Note 1)		Decrease (Note 2)			Ending Balance				
Name	Shares (in thousands)	Fair Value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Unrealised changes in profit or loss	Shares (in thousands)	Fair Value	Accumulated Impairment	Collateral	Note
Precise Biometrics AB	5,609	$ 66,792	-	$ -	-	$ -	($ 47,787)	5,609	$ 19,005	$ -	None	
StarRiver Semiconductor Corp.	120	40,000	-	-	(120)	(94,577)	54,577	-	-	-	〃	
Metanoia Communications Inc.	-	-	1,875	30,000	-	-	-	1,875	30,000	-	〃	
Gear Radio Limited.	-	-	1,733	33,519	-	-	798	1,733	34,317	-	〃	
SOFTBK 4 07/06/26 (XS2361252971)	-	5,143	-	-	-	(10)	472	-	5,605	-	〃	
		$ 1,471,932		$ 68,519		($ 194,990)	$ 500,458		$ 1,845,919	$ -		

Note 1: The addition includes the conversion of convertible bonds under current financial assets at fair value through profit or loss into shares.
Note 2: The decrease includes amortisation of bond discount.

EGIS TECHNOLOGY INC.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance			Market Value or Net Assets Value			
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral	Note
Egis Technology (Japan) Inc.	7,680	$ 854	-	$ 340	-	($ 91)	7,680	100.00%	$ 1,103	-	$ 1,103	None	
Egis Technology Korea Inc.	20	27,171	-	193	-	(736)	20	100.00%	26,628	-	26,628	〃	
OceanX Inc.	167	2,198	-	-	-	(85)	167	100.00%	2,113	-	2,113	〃	
Luxsentek Microelectronics Corp.	14,000	4,993	-	1,398	-	-	14,000	86.93%	6,391	-	(3,737)	〃	
Egis Intelligent (Shanghai) Co., Ltd.	-	51,424	-	-	-	(10,244)	-	100.00%	41,180	-	41,180	〃	
VASUBI Technology Inc.	4,000	22,053	-	-	-	(22,981)	4,000	100.00%	(928)	-	(928)	〃	
NUI Technology Inc.	9,000	74,420	-	-	-	(30,529)	9,000	100.00%	43,891	-	43,891	〃	
Taurus Wireless Inc.	1,000	2,147	4,000	40,000	-	(33,902)	5,000	100.00%	8,245	-	8,245	〃	
Alcor Micro, Corp.	20,000	689,312	-	37,102	-	(37,516)	20,000	20.49%	688,898	116.50	2,330,000	〃	
Transducer Star Technology Inc.	-	-	2,780	31,900		(13,836)	2,780	90.26%	18,064		5,942		
StarRiver Semiconductor Corp.	-	-	404	94,685		-	404	7.27%	94,685		5,824		
Vitrio Technology Corporation	142	-	-	-	(142)	-	-	0.00%	-	-	-	〃	
iCatch Technology Inc.	18,000	1,169,344	-	3,452	-	(86,749)	18,000	18.84%	1,086,047	72.70	1,308,600	〃	
SCT Holdings Ltd.	6,404	367,339	-	12,884	-	(101,504)	6,404	19.51%	278,719	-	-	Note 3	
Egis Innovation Fund G.P., Ltd.	750	7,487	-	-	(750)	(7,487)	-	0.00%	-	-	-	〃	
		$ 2,418,742		$ 221,954		($ 345,660)			$ 2,295,036		$ 3,768,861		

Note 1: The addition arose from gain on investments, changes in net assets of investees, cumulative translation adjustment, unrealised gains or losses on financial instruments and the increase in investment.

Note 2: The decrease arose from loss on investments, impairment losses, changes in net assets of investees, cumulative translation adjustment, disposal of invesments and unrealised gains or losses on financial

Note 3: The net assets of investees company has exceeded the cost held by our company, thus recognizing a share of 0 in the net assets of the associate. The year-end balance represents the surplus of our company’s investment.

EGIS TECHNOLOGY INC.
CHANGES IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to the disclosure in Note 6(9).

EGIS TECHNOLOGY INC.
DETAILS OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Nature	Description	Ending Balance	Contract Period	Interest Rate	Credit Line	Collateral	Note
Unsecured borrowings	Far Eastern Int'l Bank	$ 140,000	2023.10.31~2024.1.29		$ 150,000	None	
〃	Bank SinoPac	150,000	2023.12.5~2024.3.4		170,000	〃	
〃	Cathay Bank	84,000	2023.11.30~2024.3.11		214,935	〃	
〃	EnTie Bank	100,000	2023.12.22~2024.1.19		200,000	〃	
〃	〃	40,000	2023.12.4~2024.1.3			〃	
〃	O-Bank	200,000	2023.12.12~2024.3.11	Note	200,000	〃	
〃	Mega Bank	200,000	2023.12.8~2024.1.7		300,000	〃	
〃	Taipei Fubon Bank	100,000	2023.10.12~2024.1.9		153,525	〃	
〃	Chang Hwa Bank	80,000	2023.10.31~2024.2.28		150,000	〃	
〃	E.SUN Bank	100,000	2023.12.13~2024.1.12		200,000		
		$ 1,194,000			$ 1,738,460		

Note: The range of interest rate is 1.74%~2.81%.

EGIS TECHNOLOGY INC.
DETAILS OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to the disclosure in Note 6(11).

EGIS TECHNOLOGY INC.
DETAILS OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
Far Eastern Int'l Bank	Secured borrowings	$ 110,000	2022.09.30~2025.09.30		Secured	
Chang Hwa Bank	Unsecured borrowings	120,000	2021.04.15~2025.04.15		None	
EnTie Bank	〃	160,000	2021.04.15~2024.04.15		〃	
CTBC Bank	Secured borrowings	500,000	2022.06.28~2027.06.28		Secured	
Mega Bank	〃	160,000	2022.06.30~2027.06.30	Note	〃	
O-Bank	〃	74,000	2022.09.05~2027.07.29		〃	
〃	Unsecured borrowings	10,000	2022.09.05~2027.07.29		None	
Cathay Bank	〃	68,000	2022.08.01~2027.08.01		〃	
〃	Secured borrowings	71,700	2022.08.01~2027.08.01		Secured	
		1,273,700				
Less: Current portion		(481,486)				
		$ 792,214				

Note: The range of interest rate is 1.90%~2.24%.

EGIS TECHNOLOGY INC.
DETAILS OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Amount	Note
Sales of goods:		
Biometric authentication IC sensor and its application	$ 1,809,785	
Others	49,729	
Service revenue:		
Technical service revenue	16,130	
	$ 1,875,644	

EGIS TECHNOLOGY INC.
DETAILS OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Amount	Note
Beginning raw materials	$ 875,496	
Add: Raw materials purchased	589,435	
Less: Transferred to research and development expenses	(857)	
Raw materials sold	(226,491)	
Ending raw materials	(571,545)	
Raw materials consumed	666,038	
Outsource expense and overhead	123,047	Note
Manufacturing cost	789,085	
Add: Beginning work in progress	432,699	
Less: Transferred to research and development expenses	(1,449)	
Work in process sold	(746,401)	
Ending work in progress	(304,062)	
Cost of finished goods	169,872	
Add: Beginning finished goods	10,688	
Less: Transferred to research and development expenses	(553)	
Ending finished goods	(18,466)	
Cost of goods sold	161,541	
Raw materials and work in progress sold	972,892	
Loss on market value decline and obsolete inventories	233,769	
Others	(2,494)	
Operating costs	$ 1,365,708	

Note: Mainly pertains to outsourcing expenses.

EGIS TECHNOLOGY INC.
DETAILS OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Summary	Amount	Note
Salaries and wages		$ 27,226	
Commission expense		17,869	
Entertainment expense		6,342	
Travelling expense		4,929	
Others		9,115	The balance of each expense account has not exceeded 5% of selling expenses.
		$ 65,481	

EGIS TECHNOLOGY INC.
DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Summary	Amount	Note
Salaries and wages		$ 77,912	
Depreciation		23,678	
Service fees		18,155	
Professional service fees		12,195	
Others		45,219	The balance of each expense account has not exceeded 5% of general and administrative expenses.
		$ 177,159	

EGIS TECHNOLOGY INC.
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Summary	Amount	Note
Salaries and wages		$ 392,332	
Research and experimental		96,773	
Technical service fees		94,110	
Various amortization		95,150	
Depreciation		52,054	
Royalties		50,564	
Others		75,082	The balance of each expense account has not exceeded 5% of research and development expenses.
		$ 856,065	

EGIS TECHNOLOGY INC.
DETAILS OF LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salaries and wages	$ 336	$ 476,002	$ 476,338	$ -	$ 650,146	$ 650,146
Labour and health insurance fees	21	28,555	28,576	-	35,702	35,702
Pension costs	15	19,615	19,630	-	25,447	25,447
Directors' remuneration	-	1,853	1,853	-	624	624
Other personnel expenses	5	19,491	19,496	-	25,110	25,110
Depreciation charge	1,261	77,792	79,053	1,309	86,486	87,795
Amortisation charge	464	97,602	98,066	-	48,195	48,195

Note:

A. As at December 31, 2023 and 2022, the Company had 285 and 353 employees, including 6 and 5 non-employee directors, respectively.

B. For a company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange, the following additional information shall be disclosed:

(a) Average employee benefit expense in current year was $1,950 thousand ('total of employee benefit expenses - total directors' remuneration in current year/ 'the number of employees in current year – the number of non-employee directors in current year').

Average employee benefit expense in previous year was $2,116 thousand ('total employee benefit expense in previous year – total directors' remuneration in previous year' / 'the number of employees in previous year – the number of non-employee directors in previous year').

EGIS TECHNOLOGY INC.
DETAILS OF LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

(b) Average employee salaries in current year was $1,707 thousand (total salaries and wages in current year / 'the number of employees in current year - the number of non-employee directors in current year').

Average employee salaries in previous year was $1,868 thousand (total salaries and wages in previous year / 'the number of employees in previous year - the number of non-employee directors in previous year').

(c) Adjustments of average employee salaries was (9%) ('the average employee salaries and wages in current year - the average employee salaries and wages in previous year' / the average employee salaries and wages in previous year).

(d) The Company's remuneration policy

Directors:

i. Under the Company's Articles of Incorporation, the directors' remuneration is determined by the Board of Directors which was authorised by the Company in accordance with the assessment of remuneration committee based on their participation in the operations of the Company and the value of their contribution to the Company, as well as considering the general pay levels in the industry.

ii. The remuneration of the Company's independent directors may be set different from that of general directors.

iii. A portion of the current year's earnings, if any, the remuneration shall be distributed in accordance with Article 24 of the Articles of Incorporation of the Company.

Managers:

i. The managers' remuneration is reviewed by the remuneration committee and resolved by the Board of Directors in accordance with the Company's financial indicators, operating performance, changes in the industry and economic, individual's responsibility and authority to the Company, individual's status of achievement of performance indicators, individual's contribution to the Company, as well as taking into consideration the general pay levels in the same industry and the risk of future operating revenue.

ii. A portion of the current year's earnings, if any, shall be distributed as managers' remuneration in accordance with Article 24 of the Articles of Incorporation of the Company.

EGIS TECHNOLOGY INC.
DETAILS OF LABOR, DEPRECIATION AND AMORTISATION BY FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Employees:

i. The Company provides the salary that is superior to the standard salary in the industry to recruit and retain employees with high performance and conducts salary adjustments and promotions to meet the market competitiveness based on the survey of external salary, changes in the industry and economy, the Company’s operating performance and other reference indicators.

ii. A portion of the current year’s earnings, if any, shall be distributed as employees' compensation in accordance with Article 24 of Articles of Incorporation of the Company.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 No. of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
EGIS TECHNOLOGY INC.	Stock	Gingy Technology Inc.	None	Note 4	33	$ 55	0.45%	$ 55	
〃	〃	Integrated Digital Technologies, Inc.	〃	〃	4,000	-	13.96%	-	
〃	〃	AIStorm, Inc.	〃	〃	5,211	116,581	19.45%	116,581	
〃	〃	MEMS DRIVE INC.	〃	〃	188	747	2.87%	747	
〃	〃	ION ELECTRONIC MATERIALS CO., LTD.	〃	〃	684	79,937	2.03%	79,937	
〃	〃	Astrogate Inc.	〃	〃	1,000	311	15.63%	311	
〃	〃	Calumino Pty Ltd.	〃	〃	1,011	-	2.76%	-	
〃	〃	Gallopwave Inc.	〃	〃	3,125	18,897	4.06%	18,897	
〃	〃	xMEMS Labs, Inc.,	〃	〃	1,003	8,340	0.84%	8,340	
〃	〃	Attopsemi Technology Co., Ltd.	〃	〃	500	136,195	4.43%	136,195	
〃	〃	CyteSi, Inc.,	〃	〃	163	4,681	1.40%	4,681	
〃	〃	Silicon Optronics, Inc.	〃	〃	12,641	1,301,998	16.11%	1,301,998	
〃	〃	Augentix Inc.	〃	〃	1,050	89,250	4.28%	89,250	
〃	Bonds	SOFTBK 4 07/06/26 (XS2361252971)	〃	〃	-	5,605	-	5,605	
〃	Stock	BE Epitaxy Semiconductor Technology Co., Ltd.	〃	Note 2	5,153	90,039	7.56%	90,039	
〃	Beneficiary certificates	Dian-Te Gas Investment LP	〃	〃	-	80,040	67.32%	80,040	
〃	Stock	Airoha Technology Corp.	〃	〃	560	323,120	0.34%	323,120	
〃	〃	JET OPTOELECTRONICS CO., LTD.	〃	〃	2,824	149,846	4.71%	149,846	
〃	〃	Precise Biometrics AB	〃	Note 4	5,609	19,005	7.15%	19,005	
〃	Funds	Vertex Growth (SG) LP	〃	Note 2	-	44,583	-	44,583	
〃	〃	Vertex Growth Ⅱ (SG) LP	〃	〃	-	14,756	-	14,756	
〃	〃	Vertex Venture (SG) SEA IV LP	〃	〃	-	8,760	-	8,760	
〃	Beneficiary certificates	JAFCO Taiwan II Venture Capital Limited Partnership	〃	〃	-	2,611	-	2,611	
〃	Stock	Sirius Wireless Pte. Ltd.	〃	〃	14,187	104,545	10.11%	104,545	
〃	Convertible bonds	Netlink Communication Inc. Convertible bonds	〃	〃	-	157,179	-	157,179	
〃	Stock	Gear Radio Limited	〃	Note 4	1,733	34,317	4.03%	34,317	
〃	〃	Metanoia Communications Inc.	〃	〃	1,875	30,000	1.55%	30,000	
〃	Beneficiary certificates	Megawood Capital	〃	Note 2	-	22,500	14.46%	22,500	
〃	〃	Linkou Golf Club	〃	〃	-	10,800	0.10%	10,800	
Alcor Micro, Corp.	Funds	PGIM Return Fund	〃	Note 1	631	10,015	-	10,015	
〃	〃	Cathay US Premium Bond Fund	〃	〃	300	3,120	-	3,120	
〃	〃	Yuanta 2-10 Year Investment Grade Corporate Bond	〃	〃	606	6,254	-	6,254	
〃	〃	Nomura Global Financial Bond Fund	〃	〃	509	5,191	-	5,191	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Alcor	Funds	Cathay 4-Year Maturity Developed Market Investment Grade Bond Fund	None	Note 1	3,000	$ 31,318	-	$ 31,318	
〃	〃	Allianz Global Investors US Short Duration High Income Bond Fund	〃	〃	941	10,180	-	10,180	
〃	〃	Franklin Templeton SinoAm Global High Yield Bond Fund	〃	〃	884	10,657	-	10,657	
〃	〃	PGIM USD High Yield Bond Fund	〃	〃	1,564	15,599	-	15,599	
〃	〃	CTBC ESG Financial Multi-Asset Fund	〃	〃	1,000	10,759	-	10,759	
〃	〃	CTBC Growth Opportunities Multi-Asset Fund	〃	〃	1,000	10,155	-	10,155	
〃	〃	PineBridge Rate Response Multi-Asset Fund	〃	〃	1,500	15,567	-	15,567	
〃	〃	PineBridge Rate Response Multi-Asset Fund	〃	〃	1,500	15,122	-	15,122	
〃	〃	TCB GAMMA Quantitative Multi-Asset Fund	〃	〃	2,151	40,989	-	40,989	
〃	〃	PGIM Aggressive Growth ETF Fund of Funds	〃	〃	397	5,307	-	5,307	
〃	〃	Nomura Global Infrastructure Megatrend Fund USD	〃	〃	489	4,971	-	4,971	
〃	〃	PGIM Global New Supply Chain Fund-TWD(A)	〃	〃	200	1,762	-	1,762	
〃	〃	Yuanta Japan Leaders Equity Fund	〃	〃	500	5,000	-	5,000	
〃	Principal protected note	President Securities Corporation Principal Guaranteed Note NO.75	〃	〃	-	30,351	-	30,351	
〃	〃	President Securities Corporation Principal Guaranteed Note NO.2879	〃	〃	-	30,039	-	30,039	
〃	〃	President Securities Corporation Principal Guaranteed Note NO.2889	〃	〃	-	30,030	-	30,030	
〃	Convertible bonds	Topco Scientific CO., LTD. Convertible bonds	〃	〃	100	10,910	-	10,910	
〃	Stock	Foxtron Vehicle Technologies Co., Ltd.	〃	〃	100	4,460	0.01%	4,460	
〃	〃	Shin Kong Financial Holding Co.,Ltd. Preferred Shares A	〃	Note 3	130	3,724	0.17%	3,724	
〃	〃	HUA VI VENTURE CAPITAL CORPORATION	〃	Note 4	11	2,649	2.11%	2,649	
〃	〃	WK Venture Capital XI	〃	〃	11,996	299,339	15.38%	299,339	
〃	〃	WK Technology Fund IX II Ltd.	〃	〃	5,000	49,898	4.45%	49,898	
〃	〃	Sirius Wireless PTE. LTD	〃	〃	4,167	30,705	2.97%	30,705	
〃	〃	FOXFORTUNE TECHNOLOGY II VENTURES LIMITED	〃	〃	780	27,681	5.80%	27,681	

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Name of securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
					No. of shares (in thousands)	Book value	Ownership (%)	Fair value	
Alcor Micro, Corp.	Stock	Koodata Inc. Common Stock	None	Note 4	2,375	$ 13,576	14.33%	$ 13,576	
〃	〃	Koodata Inc. Preferred Stock	〃	〃	10,088	72,498	14.33%	72,498	
〃	〃	Helios Bioelectronics Inc.	〃	〃	14,300	60,000	10.49%	60,000	
〃	Bonds	AT&T Inc.	〃	Note 3	-	2,287	-	2,287	
〃	Beneficiary certificates	Fuyou Venture Capital Co., Ltd	〃	Note 2	-	25,103	-	25,103	
Alcorlink Corp.	Funds	Fuh Hwa Fund	〃	Note 1	2,896	33,916	-	33,916	
〃	Bonds	STANDARD CHARTERED PLC.	〃	Note 5	-	27,017	-	27,545	
〃	〃	ORCL 4 07/15/46	〃	Note 6	-	8,923	-	8,962	
Syncomm Technology Corp.	Funds	PGIM Money Market Fund	〃	Note 1	4,126	67,088	-	67,088	
〃	〃	Mega Diamond Money Market Fund	〃	〃	3,203	41,315	-	41,315	
〃	〃	JIH SUN MONEY MARKET FUND	〃	〃	2,675	40,801	-	40,801	
〃	〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	1,574	20,287	-	20,287	
〃	〃	Taishin Ta-Chong Money Market Fund	〃	〃	690	10,074	-	10,074	
AloglTek, Inc.	〃	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	〃	〃	1,068	8,559	-	8,559	
〃	〃	Nomura Global Financial Bond Fund	〃	〃	1,921	18,753	-	18,753	
〃	Bonds	United States Treasury securities	〃	Note 6	-	6,099	-	6,067	
Chun-Feng Investment Limited	Funds	Allianz Global Investors Taiwan Money Market	〃	Note 1	2,565	33,054	-	33,054	
〃	〃	Allianz Global Investors US Short Duration High Income Bond Fund	〃	〃	951	10,293	-	10,293	
〃	〃	PGIM USD High Yield Bond Fund	〃	〃	509	5,075	-	5,075	
〃	〃	Eastspring Investments Optm Inc FoFsAUSD	〃	〃	893	10,799	-	10,799	
〃	〃	PGIM Aggressive Growth ETF Fund of Funds	〃	〃	397	5,307	-	5,307	
Alcor Micro Technology, Inc.	Stock	NGD Systems Inc.	〃	Note 4	8,705	14,220	3.45%	14,220	
Alcor Micro Technology, (H.K.) Limited	Bonds	HP Inc.	〃	Note 3	-	2,504	-	2,504	
〃	〃	Power Finance Corp. Ltd.	〃	〃	-	5,878	-	5,878	
〃	〃	TSMC Arizona Corp.	〃	〃	-	5,951	-	5,951	
〃	〃	AT&T Inc.5.35% Global Notes due 2066 (TBB)	〃	〃	4	2,880	-	2,880	

Note 1: Current financial assets at fair value through profit or loss.

Note 2: Non-current financial assets at fair value through profit or loss.

Note 3: Current financial assets at fair value through other comprehensive income.

Note 4: Non-current financial assets at fair value through other comprehensive income.

Note 5: Current financial assets at amortised cost.

Note 6: Non-current financial assets at amortised cost.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Notes 2 and 6)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023 (Note 5)	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain on disposal	Number of shares (in thousands)	Amount
Alcor Micro, Corp.	Alcorlink Corp.	Investments accounted using equity method	AlgolTek, Inc.	An associate of the Company	14,640,133	$ 311,058	-	$ -	(14,640,133)	$ 347,645	($ 285,033)	$ -	-	$ -
〃	AlgolTek, Inc.	〃	〃	〃	5,256,631	220,205	14,040,710	621,866	(5,256,631)	274,221	(215,500)	58,848	14,040,710	553,533
〃	StarRiver Semiconductor Corp.	〃	The individual shareholders of StarRiver Semiconductor Corp.	Non-related party	-	-	3,056,580	715,240	-	-	-	-	3,056,580	721,653

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: It included profit or loss accounted for using equity method.

Note 6: AlgolTek exchanged shares with the shareholders of Alcorlink by issuing new shares as consideration, and acquired 100% equity interest of Alcorlink. The effective date was set on April 1, 2023. After the transaction date, AlgolTek was changed to the Company’s subsidiary from an associate.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Egis Technology Korea Inc.	Egis Technology Inc.	2	Service revenue (Note 6)	$ 42,719	Transaction prices and terms were similar to non-related party	1.11%
2	Alcor Micro, Corp.	Alcor Micro Technology (H.K.) Limited	3	Sales revenue (Note 6)	90,955		2.36%
3	Alcor Micro Tech. (ShenZhen) Ltd.	"	3	Service revenue (Note 6)	42,543		1.11%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transaction amount less than 1% of total assets or consolidated income will not be disclosed.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 4

Unit: Thousands of NTD/shares

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Egis Technology (Japan) Inc.	Japan	Customer service, business promotion and technical service	$ 109,279	$ 109,279	7,680,000	100.00%	$ 1,103	$ 340	$ 340	
〃	Egis Technology Korea Inc.	Korea	Customer service, business promotion and technical service	18,233	18,233	20,000	100.00%	26,628	193	193	
〃	OceanX Inc.	Taiwan	Holding company	1,880	1,880	167,000	100.00%	2,113	(52)	(52)	
〃	Luxsentek Microelectronics Corp.	Taiwan	Technology development	140,000	140,000	14,000,000	86.93%	6,391	(10,044)	1,398	
〃	Alcor Micro, Corp.	Taiwan	Technology development	707,000	707,000	20,000,000	20.49%	688,898	(250,778)	(27,512)	
〃	VASUBI Technology Inc.	Taiwan	Technology development	40,000	40,000	4,000,000	100.00%	(928)	(22,981)	(22,981)	
〃	NUI Technology Inc.	Taiwan	Technology development	90,000	90,000	9,000,000	100.00%	43,891	(30,529)	(30,529)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
The Company	Taurus Wireless Inc.	Taiwan	Technology development	$ 50,000	$ 10,000	5,000,000	100.00%	$ 8,245	($ 33,902)	($ 33,902)	
〃	Transducer Star Technology Inc.	Taiwan	Technology development	31,900	-	2,780,000	90.26%	18,064	(15,438)	(12,922)	
〃	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	40,000	-	404,176	7.27%	94,685	24,536	108	Note 3
〃	Vitrio Technology Corporation	Taiwan	Technology development	-	4,970	-	-	-	-	-	
〃	iCatch Technology Inc.	Taiwan	Technology development	1,189,600	1,189,600	18,000,000	18.84%	1,086,047	(128,996)	(86,749)	
〃	SCT Holdings Ltd.	Cayman Islands	Design, development and sales of IC	371,380	371,380	6,403,545	19.51%	278,719	(368,157)	(61,445)	
〃	Egis Innovation Fund G.P., Ltd.	Taiwan	General investment business	-	7,500	-	0.00%	-	(32)	(16)	
Alcor Micro, Corp.	Alcor Micro Technology, Inc. (AMTI)	Cayman Islands	Investment holding company	932,166	850,378	30,613,000	100.00%	70,610	(87,780)	(87,780)	
〃	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	73,782	73,782	14,040,710	31.44%	553,533	(240,407)	(61,422)	
〃	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	197,097	133,578	10,887,288	25.99%	176,381	(22,507)	(5,911)	
〃	Alcorlink Corp.	Taiwan	Development, design and sales of IC	-	259,214	-	-	-	(85,647)	(30,702)	
〃	Chun-Feng Investment Limited	Taiwan	General investment business	90,000	90,000	9,000,000	100.00%	114,977	4,539	(302)	
〃	ENE Technology Inc.	Taiwan	Development, design and sales of IC	252,800	252,800	8,000,000	17.67%	266,194	66,676	6,578	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net income (loss) of investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	No. of shares	Ownership (%)	Book value			
Alcor Micro, Corp.	StarRiver Semiconductor Corp.	Taiwan	Development, design and sales of IC	$ 715,239	$ -	3,056,580	55.00%	$ 721,653	$ 24,536	$ 6,413	Note 3
Chun-Feng Investment Limited	AlgolTek, Inc.	Taiwan	Development, design and sales of IC	5,814	5,814	179,353	0.40%	8,488	(240,407)	(883)	
〃	Syncomm Technology Corp.	Taiwan	Development, design and sales of IC	30,878	17,943	2,217,159	5.29%	32,149	(22,507)	(1,202)	
Alcor Micro Technology, Inc. (AMTI)	Alcor Micro Technology, (H.K.) Limited (AMTHK)	Hong Kong	Management and sales of electronic products	633,056	520,107	20,790,000	100.00%	48,447	(40,583)	(40,583)	
AlgolTek, Inc.	Terawins, INC.	Taiwan	Development, design and sales of IC	48,239	-	5,359,923	17.65%	23,496	(116,954)	(16,822)	
〃	Alcorlink Corp.	Taiwan	Development, design and sales of IC	728,188	-	2,057,029	100.00%	276,149	(88,887)	(27,427)	Note 4
Alcorlink Corp.	Egis Vision Inc.	Taiwan	Development, design and sales of IC	60,000	-	6,000,000	80.00%	25,295	(48,796)	(42,009)	Note 5

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

Note 3: On October 24, 2023, the Group's subsidiary- Alcor Micro, Corp.'s Board of Directors resolved to acquire 3,057 thousand shares of StarRiver Semiconductor Corp. at NT$234 (in dollars) per share totalling $715,239. After the transaction, together with the 404 thousand shares held by the parent company originally, the Group held a total of 62.27% equity interest.

Note 4: The initial investment amount of AlgolTek in Alcorlink was determined based on the number of AlgolTek's issued common stocks and the latest closing price at the effective date of the merger.

Note 5: Alcorlink’s initial investment amount in Egis Vision was $1,000. The Board of Directors of Alcorlink during its meeting on June 28, 2023 resolved to spin off its “Image Product Business Department” to Egis Vision. The spin-off effective date was set on July 1, 2023. The business value of the spin-off was $59,000, and 1 newly issued ordinary share of Egis Vision was exchanged for NT$10 (in dollars) per share, increasing the initial investment amount by $59,000.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland	Remitted back to Taiwan							
Egis Intelligent (Shanghai) Co., Ltd.	Customer service, business promotion and technical service	$ 55,521	Note 2	$ 61,410	$ -	$ -	$ 61,410	($ 9,484)	100%	($ 9,484)	$ 41,180	$ -	Note 3
Alcor Micro Tech., (ShenZhen) Ltd.	After sales service and collection of business intelligence	56,960	Note 1	56,960	-	-	56,960	(47,120)	100%	(47,120)	3,849	-	〃
ENE Touch Technology Co., Ltd. (ENE Touch)	Wholesale of electronic materials	Note 6	Note 2	9,047	2,284	31	11,300	(683)	100%	(683)	-	31	Note 3 and Note 7

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Egis Technology Inc.	$ 61,410	$ 61,410	$ 5,160,392
Alcor Micro, Corp.	56,960	56,960	5,160,392
ENE Technology Inc. (ENE)	11,300	11,300	5,160,392

Note 1: Reinvested in Mainland China company through Alcor Micro Technology, Inc. in the third area.

Note 2: Directly invest in a company in Mainland China.

Note 3: Investment income (loss) was recognised based on the financial reports that were audited by CPA.

Note 4: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA is 60% of higher of the consolidated net assets or net assets of each company.

Note 6: The Group sold all equity interest of the subsidiary, ENE Touch and the paid-in capital is $0 with the effective date set on April 20, 2023. In July 2023, the Group has submitted the application regarding the change in investment amounts to MOEA.

Note 7: Investment income (loss) was recognised based on the financial reports that were not audited by CPA with the effective date.

EGIS TECHNOLOGY INC. AND ITS SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Sen-Chou Lo	9,006,262	12.12%