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Chicony Power : <https://www.chiconypower.com/>

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# **Chicony Power Technology Co., Ltd.**

## **2023 Annual Report**

Dated by Mar. 29, 2024

**1. The Company's Spokesman and Deputy Spokesman :**

Spokesman

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Deputy Spokesman

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**5. Name of overseas stock securities and method for accessing information on overseas negotiable securities : None.**

**6. Company Website : <https://www.chiconypower.com/>**

Chicony Power Technology Co., Ltd.  
Table of Content

	<u>Page</u>
<b>1. Letter to Shareholders .....</b>	<b>1</b>
<b>2. Company Introduction .....</b>	<b>5</b>
2.1. Date of Incorporation .....	5
2.2. Corporate Milestones .....	5
<b>3. Corporate Governance Report .....</b>	<b>7</b>
3.1. Organization .....	7
3.2. Information Concerning the Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers .....	9
3.3. Remuneration to Directors, Supervisors, President, and Vice Presidents .....	19
3.4. Status of Corporate Governance .....	26
3.4.1. Information Concerning the Board of Directors .....	26
3.4.2. Operation Status of the Audit Committee or the Participation of Supervisors in the Operation of the Board Meeting .....	28
3.4.3. Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons .....	31
3.4.4. Organization, Responsibilities and Operation Status of the Remuneration Committee .....	36
3.4.5. Organization, Responsibilities and Operation Status of the Nomination Committee .....	37
3.4.6. Organization, Responsibilities and Operation Status of the Sustainability Development Committee .....	38
3.4.7. The State of the Company's Promotion of Sustainable Development .....	39
3.4.8. Status of Implementation of the Ethical Corporate Management .....	48
3.4.9. For those have the Corporate Governance Rules and Relevant Regulations Stipulated, the Inquiry Method of the Corporate Governance Rules and Relevant Regulations .....	50
3.4.10. Other Important Information to Increase the Understanding of Corporate Governance .....	50
3.4.11. Implementation of the Internal Control System .....	51
3.4.12. The Most Recent Year and Up to the Publication Date of this Annual Report, the Punishment Inflicted on the Company or Its Internal Personnel, or Any Disciplinary Penalty by the Company Against Its Internal Personnel for Violation of the Internal Control System, Where the Result of Such Penalty Could Have a Material Effect on Shareholder Equity or Securities Prices, the Main Shortcomings, and Condition of Improvement: .....	52
3.4.13. Shareholder's Meeting and Significant Board of Directors Resolutions(Including the Implementation Status of the Shareholder's Meeting) .....	52
3.4.14. The Main Contents of Important Resolutions Passed by the Board of Directors Regarding in which Directors or Supervisors have Voiced Differing Opinions on the Record or in Writing. ....	54
3.4.15. Summary of Resignation or Dismissal of Personnel Who are Involved with the Company's Financial Statements .....	54
3.5. Information on CPA Professional Fees .....	54
3.6. Information on the Replacement of CPA .....	55
3.7. The Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee of the Accounting Firm or Its Affiliates over the Past Year. ....	55
3.8. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Shareholders with 10% Shareholdings or More .....	56
3.9. Information on Relation Among Top 10 Shareholders and Their Relationship .....	57

3.10. Quantity of Shareholdings of the Same Investee by the Company and Its Directors, Supervisors, Managers Directly or Indirectly controlled, and the Combined Shareholdings .....	57
<b>4. Capital Overview .....</b>	<b>58</b>
4.1. Capital and Shares .....	58
4.1.1. Sources of Capital .....	58
4.1.2. Composition of Shareholders .....	59
4.1.3. Distribution Profile of Share Ownship .....	60
4.1.4. Major Shareholder .....	60
4.1.5. Information on Market Price, Net Worth, Earnings, Dividends Per Share & Relevant Information .....	61
4.1.6. Dividend Policy and Execution Status and Distribution of Dividends by this Shareholders' Meeting .....	61
4.1.7. Impact on the Company's Business Performance and EPS by the Proposed Distribution of Shares .....	62
4.1.8. Remuneration of Employees and Directors .....	62
4.1.9. Repurchase of the Company's Shares .....	63
4.2. Issuance of Corporate Bonds. ....	63
4.3. Issuance of Preferred Shares. ....	63
4.4. Issuance of Overseas Depository Receipts .....	63
4.5. Issuance of Employee Stock Option Certificates .....	63
4.6. Issuance of New Restricted Employee Shares. ....	63
4.7. Merger & Acquisition or Assigned Shares from Other Companies to Issue New Shares. ....	63
4.8. Implementation of Capital Utilization Plan: .....	63
<b>5. Overview of Operations .....</b>	<b>64</b>
5.1. Business Activities .....	64
5.1.1. Scope of Business .....	64
5.1.2. Industry Overview .....	66
5.1.3. Technology and R&D Overview .....	69
5.1.4. Long-term and Short-term Business Development Plans .....	74
5.2. Market and Sales Overview .....	76
5.2.1. Market Analysis .....	76
5.2.2. Important Usages and Production of Main Products .....	80
5.2.3. Supply Status of Main Materials .....	82
5.2.4. Names Of Suppliers (Customer) with Purchase (Sales) Amount Over 10% of the Total Purchase (Sales) Amount and Their Purchase (Sales) Amount and Percentage .....	82
5.2.5. Production Values Table .....	83
5.2.6. Sales Values Table .....	83
5.3. Number of Employees, Average Length of Service, Average Age and Education Background Distribution Rate .....	83
5.4. Information on Environmental Protection Expenditure .....	83
5.5. Labor Relationship .....	84
5.6. Cyber Security Management .....	85
5.7. Important Contracts .....	87
<b>6. Financial Status .....</b>	<b>88</b>
6.1. Five-Year Financial Summary .....	88
6.1.1. Condensed Balance Sheets and Statement Comprehensive Income .....	88
6.1.2. CPA Auditing Opinions .....	91
6.2. Financial Analysis for the Most Recent 5 Years .....	92
6.3. Audit Report of the Audit Committee for the Most Recent Year .....	96

6.4. Consolidated Financial Statements Audited by the CPA in the Most Recent Year .....	97
6.5. Individual Financial Statements Audited by the CPA in the Most Recent Year .....	97
6.6. Financial Difficulties of the Company and Its Affiliated Companies and the Impact to the Company.....	97

## **7. Review and Analysis of Financial Status and Financial Performance and**

<b>Risk Matters</b> .....	98
7.1. Financial Status .....	98
7.2. Financial Performance .....	99
7.3. Cash Flow.....	99
7.4. Major Capital Expenditures in the Most Recent Year.....	100
7.5. The Investment Policy in the Most Recent Year, Main Reasons for Profits or Losses, Improvement Plans and Investment Plans for the Following year .....	100
7.6. Analysis and Assessment of Risk Matters .....	100
7.6.1. Impact of Interest and Exchange Rate Changes and Inflation on Company's, Profits (Losses) and the Countermeasures.....	100
7.6.2. Policy on High-risk, High-leverage Investments, Lending Funds, Endorsements and Guarantees for Other Parties, and Derivatives Transactions, the Main Reasons for the Profits or Losses Generated thereby and Future Countermeasures .....	101
7.6.3. Future Research and Development Projects, and Corresponding Budget. ....	102
7.6.4. Effect on the Company's Financial Operations of Important Policies Adopted and Change in the Legal Environment at Home or Broad and Countermeasures .....	103
7.6.5. Effect on the Company's Financial Operations of Developments in Science and Technology (Including Cyber Security Risks) as well as Industry Change, and Countermeasures.....	103
7.6.6. Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Countermeasures .....	103
7.6.7. Expected Benefits and Possible Risks Associated with Any Merger or Acquisitions, and Countermeasures .....	103
7.6.8. Expected Benefits and Possible Risks with Any Plant Expansion, and Countermeasures.....	103
7.6.9. Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Countermeasures.....	104
7.6.10. Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to Directors, Supervisors, or Shareholders Holding Greater than 10% Stake in the Company has been Transferred or has Otherwise Changed Hands, and Countermeasures.....	104
7.6.11. Effect upon and Risk to the Company Associated with any Change in Governance Personnel or Top Management, and Countermeasures .....	104
7.6.12. Litigations or Non-litigious Matters .....	104
7.6.13. Other Important Risks and Countermeasures .....	104
7.7. Other Important Events .....	104

## **8. Special Items**.....105

8.1. Consolidated Business Reports of Affiliated Enterprises, Consolidated Financial Statements of Affiliates and Affiliation Report.....	105
8.2. Private Placement of Securities in the Most Recent Year. ....	115
8.3. Holding or Disposed of Shares in the Company by the Company's Subsidiaries .....	115
8.4. Other Necessary Supplementary. ....	115
8.5. Event Occurred in the Most Recent Year up to the Publication of this Annual Report, which Significantly Affect Shareholders' Equity or Price of Shares Pursuant to Article 36 Paragraph 3, Subparagraph 2 of the Securities and Exchange Act .....	115

## 1. Letter to Shareholders

Dear Shareholders:

### 1.1. Business Performance in 2023

#### (I) Results Accomplished with the Business Operating Plan for 2023

With the joint efforts by the Company's managerial team and entire staff, in 2023, the Consolidated Sales Revenues were up to NT\$36,310,819,000, decreasing by 11.6% over 2022. The Net Profit after taxes came to NT\$3,294,677,000, increasing by 1.5% over 2022.

#### (II) Analyses on Financial Revenues and Expenditures and Profitability

##### 1. Financial Revenues and Expenditures

Unit: NT\$ 1,000

Item	2023	2022	Increase (decrease) %
Operating Profit	3,961,171	3,917,476	1.1%
Net Earnings After Tax	3,294,677	3,246,597	1.5%
Average Total Assets	28,702,866	28,714,404	0.0%
Average Total Shareholders' Equity	13,250,011	11,904,193	11.3%

##### 2. Profitability

Item	2023	2022
Average Return on Assets (%)	11.7	11.6
Average Return on Shareholders' Equity (%)	24.9	27.3
Operating Profit Accounting for the Ratio of Share Capital at the End of the Period (%)	99.3	99.1
Net Profit Margin (%)	9.1	7.9
Earnings Per Share	8.27	8.22

#### (III) Performance in Research and Development

In 2023, the Company has invested a total of NT\$1,898,371,000 in R&D expenses to develop new products, strengthen automated production equipment, improve production process and upgrade R&D technicians' competency. Given the industrial environment, which evolves rapidly and involves intensive competition, the Company will actively control the development trend in the market, and continue to invest funds in the innovation of products and R&D of technology, especially in the new application areas, such as development of products including power supply of gaming computers, power supply systems of AI server and data center server, power supply systems of high-efficient, power supply of satellite communication, power supply of AIOT, and smart integration platform, etc., in order to keep intensifying the Company's competitiveness in the industry.

#### (IV) ESG and Corporate Sustainability

In addition to focusing on product quality and business strategy optimization, as the world attaches high attention to climate change, the Company, as a leading manufacturer in the field of power supplies assumes the mission of promoting sustainable development. In terms of sustainable development performance in ESG (Environment, Social, and Governance), the Company has successively received the Certification of Compliance with 1.5°C Temperature

Goal from CommonWealth Magazine, been selected into Business Weekly's top 100 carbon competitiveness companies, and has won the TCSA Taiwan Enterprise Sustainability Award of Top 100 sustainable Model Enterprise. In addition, the international non-profit organization CDP (Carbon Disclosure Project) announced the latest evaluation results for 2023. For the first time, the Company achieved a good score of B in both the climate change and the water safety questionnaire, demonstrating the Company's unremitting efforts in sustainable development.

## 1.2. Business Operating Plan for 2024

### (I) Business Targets and Forecast for 2024

Looking forward to 2024, the global economy is slowing down and will still face many challenges, such as extreme weather events disrupting global supply chains and rising geopolitical risks. Although it faces headwinds, it is positive for the future. Affected by the cooling of high inflation, the Fed is expected to start cutting interest rates this year. The global electronics industry has seen an apparent recovery and bottomed out, driven by strong demand for high-tech products. In addition, since the inventory destocking has come to an end and a wave of new product replacements is ushering in, the global terminal demand is expected to gradually recover.

The uncertainty of the economic environment is still high this year. The Company's management team will deal with various challenges derived from changes in the global economy and industrial environment carefully, by upholding its optimistic and vigorous visions. The Company will continue to be dedicated to the R&D and marketing of power supply related products and also work hard to develop the business about products related to cloud smart, including high-value products such as power supply of AI PC/NB, power supply of AI server and data center server, power supply of satellite communication, and smart integration platforms. The Company will adhere to the "No Quality, No Sales" policy and strictly control the product quality and continue upgrading the efficiency of its customer service to increase the Company's overall operating revenue and earnings. Moreover, it will improve automated manufacturing and expand the plant, and strengthen global layout to increase production flexibility and efficiency in response to the increasing demand for manufacturing requirements. We anticipate that within the year, we shall sell an aggregate total of 129 million sets of electronic parts and components products, consumer electronic products, and other related products.

### (II) The Business Operating Policies and Strategies of Future Development of the Company

The Company's operating policies and future development strategies for its main operating activities as enumerated below:

#### 1. Marketing

- (1) Upgrade the sale proportion of high value-added power supply products to increase the Company's earnings.
- (2) Actively develop the business for products related to cloud smart, power supply of satellite communication, and power supply for data center server, etc., in response to the industrial development trend.
- (3) Actively continue to expand the market share of power supply products and develop customers for new products.
- (4) Take firm trends of market development and boost customer service efficiency, with continuous profound cultivation of and contacts with customers to provide customers with services in the best real-time.

#### 2. Production

- (1) Utilize the inter-group co-procurement and expand close cooperation with suppliers to effectively reduce the procurement cost of raw materials.
- (2) Continuously increase automated production ratio, improve production efficiency and strengthen product quality to mitigate the pressure produced by increase in labor cost.

- (3) Continue to research, develop and improve the production process to upgrade the production efficiency and product quality.
  - (4) Continuously boost the ratio of automated production and continue to develop new manufacturing processes to minimize production costs, enhance production efficiency and quality.
  - (5) Build the factory in Thailand to disperse the risk over production bases.
3. Research and Development
- (1) Continuously cooperate with heavyweight manufacturers, customers and suppliers throughout the world, make use of advanced key technology and development trends in the markets to create a technology advantage.
  - (2) Continue to focus on research and development in innovation and technology of products to upgrade the Company's position levels in the markets and in know-how.
  - (3) Speed up quality certification of various products, domestic and overseas, to upgrade competitiveness of the products in international markets.
  - (4) Continue to recruit excellent human resources and enhance employees' professional training to upgrade the Company's strength in R&D.
4. Products
- (1) Take the firm trends of market development and boost research and development of power supply products for new domains of application to increase product items and help the Company gain added profits.
  - (2) Augment the power supply solution projects for server and big databank centers to develop upward to high-end products.
  - (3) Continue to develop the power supply products and intelligent building management platform related to smart family to be in line with the global smart energy trend.
  - (4) Continue to research and develop high-power supply products related to high-end servers and gaming computers.
5. Human Resources
- (1) Work with colleges and universities and provide scholarships and fellowships to excellent students to recruit professional human resources.
  - (2) Effectively utilize the system targets of all sorts of human resources to help all business divisions accomplish annual targets in profits.
  - (3) Look into and make sure of the trends in human resources relevant policies at home and abroad, and regularly review the relevant practices and systems of the Company, to win over maximum possible benefits common for both labor and management.
  - (4) Fulfill corporate social responsibility, practice corporate governance and value care for employees to achieve the enterprise's objectives for sustainable operations and ESG.
6. Financial Standing
- (1) Make maximum possible use of the derivative financial instruments and diversified, comprehensive, and multifaceted instruments in the capital markets to minimize potential fluctuations in foreign exchange and the risks in rising prices of raw materials.
  - (2) Continuously strengthen control over accounts receivable, boost the turnover rate of a variety of assets to effectively control budgeting and implementation process.
  - (3) Devise and work out optimum taxation planning for the Company and the subsidiaries pursuant to the requirements of taxation laws of the countries concerned.
  - (4) Continuously minimize liability ratios.
7. ESG
- (1) Continue to implement energy saving and carbon reduction projects, and introduce the self-developed IWA intelligent building system into the factory. To achieve reductions in energy consumption and greenhouse gases emissions targets through the four major aspects of "Perception", "Operation", "Control" and "Interaction" .
  - (2) Conduct big data analytics through self-e developed carbon management platform to



identify carbon emission hotspots, strengthen data quality, and improve overall inventory efficiency, etc. And then achieve the goal of low-carbon transition and net-zero carbon emissions.

- (3) Committed to developing high-efficiency and recyclable power solutions to deal with the importance of power supplies in energy conservation and carbon reduction.
- (4) Continue to focus on the R&D and promotion of smart energy-saving solutions, and integrate core values such as environmental friendliness and social responsibility into product design to actively enhance the environmentally friendly impact of products.

### (III) Key Production and Marketing Policies

1. Continuously team up with internationally renowned giant customers to expand the market shares of our products in line with the growth of customers' sales revenues and the rising ratios of our products sold to them.
2. Comprehensively promote the automated production and continuously develop new manufacturing processes to boost product efficiency and quality.
3. Continuously expand the domains of application for new products, raise the proportion of sales turnover of our products with added values to gain added profits.
4. Continuously set up global warehouses for deliveries in real-time to strengthen flexibility of deliveries and enhance the close teamwork ties with customers.
5. Utilize the inter-group co-procurement and marketing strength to reduce the procurement cost of raw materials and increase the sales of products.
6. Enhance the performance of the existing ERP overall information system to boost operating efficiency of all business sectors.

### 1.3. The Impact Among the Environments of External Competitions, Legal Ambiance and Environment for Overall Business Operations:

In the business operations here in the Company, we have faithfully complied with the laws and regulations currently prevalent in the home country and the countries where our subsidiaries are located. Our entire managerial team members shall, as always, continuously stay watchful about the environmental changes that might have an impact upon our business operations. Meanwhile, we shall implement business policies and strategies in the main operating activities to continuously boost our overall business performance and to strive for the optimum values to our customers, shareholders and employees.

Looking to the future, the Company will continue to strengthen ESG related actions, continuously innovate green products and solutions, increase the proportion of renewable energy in business activities, and further reduce overall carbon emissions. We will actively respond to the challenges of climate change by integrating the strengths of upstream and downstream partner. We will strive to achieve the carbon reduction targets approved by the Science Based Targets Initiative (SBTi) (a 42% reduction in absolute emissions of Scope 1 and 2 greenhouse gases and a 25% reduction in absolute emissions of Scope 3 greenhouse gases in 2030) and the renewable energy goals recognized by Renewable Energy 100 (RE100) (100% use of renewable energy by 2030), and gradually achieve the net zero goal of 2050.

Chairman: Lu, Chin-Chung

President: Tseng, Kuo-Hua

Chief Finance Officer: Chen, Hsueh-Yi

## 2. Company Introduction

2.1. Date of Incorporation: December 24, 2008

2.2. Corporate Milestones

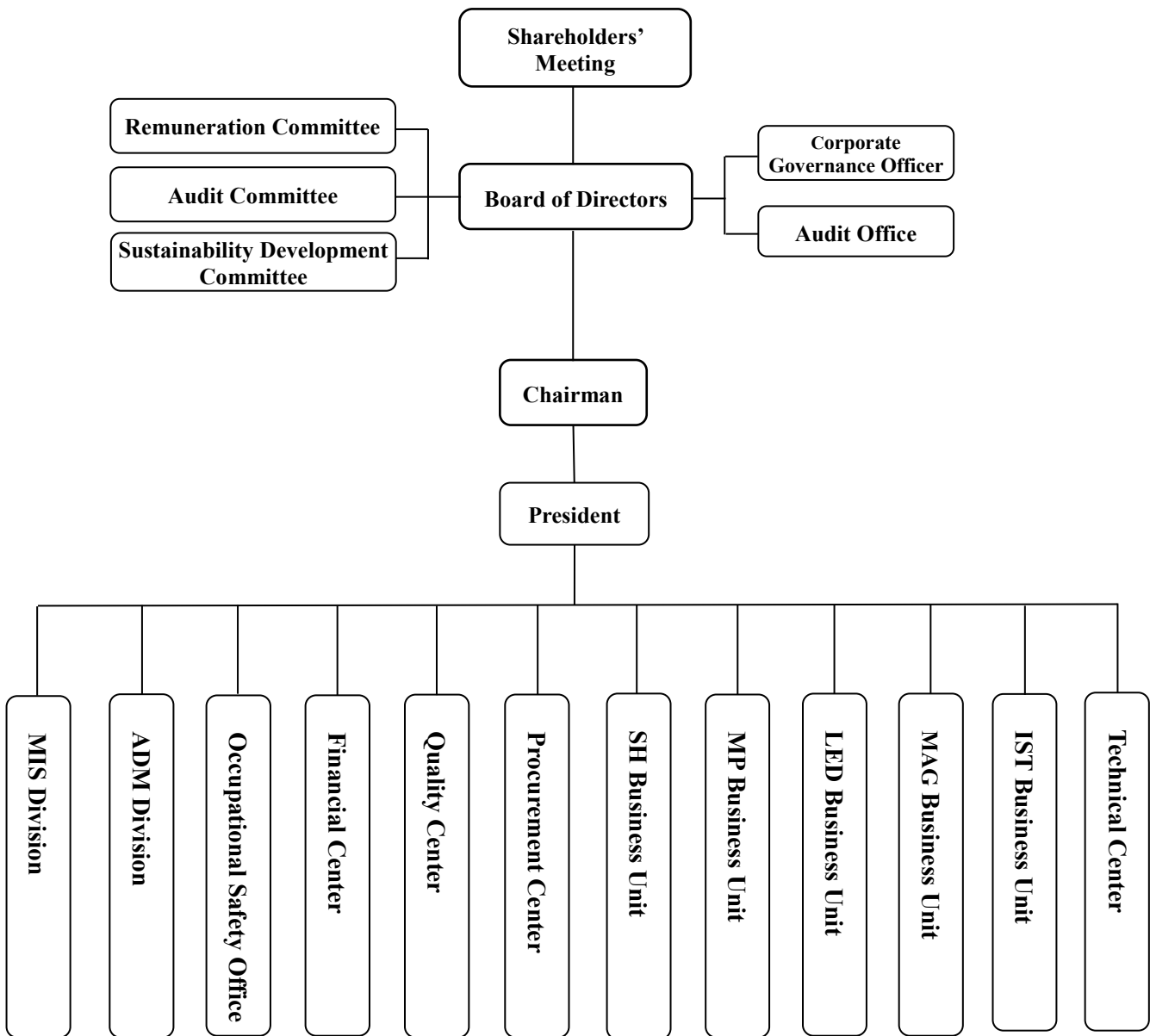
Year/Month	Descriptions
Dec. 2008	Chicony Power Technology Co., Ltd. (hereinafter referred to as “the Company” or “Chicony Power”) was invested and established by Hipro Electronics (Taiwan) Co., Ltd. (hereinafter referred to as “Hipro Electronics”) on December 2008. The Company’s registered paid-in capital is NT\$ 1 million and is mainly engaged in the business of producing and marketing of switching power supplies.
Feb. 2009	The Company issued common stocks to take over the power supply business segment from Hipro Electronics. Paid-in capital increased to NT\$ 81 million.
Apr. 2009	The Company increased its paid-in capital out of cash for NT\$2 billion. Paid-in capital increased to NT\$2.081 billion.
Jul. 2009	-The Company invested and set up a 100% owned holding company - Chicony Power Holdings Inc., and through this holding company the Company invested and owned indirectly 100% shares of Chicony Power International Inc. -Chicony Power International Inc. bought from Hipro Overseas (B.V.I.) Inc. the 100% shares of Hipro Technologies, Inc., and 100% shares of Hipro Hong Kong Ltd. By way of this the Company indirectly owns 100% shares of Hipro Electronics (Dongguan) Co., Ltd., 100% shares of Hipro Electronics (Suzhou) Co., Ltd., and 100% shares of Guang Sheng Electronics (Nanchang) Co., Ltd., respectively, and thus build a comprehensive network of overseas production bases.
Oct. 2009	The Company renamed its indirectly owned company - Hipro Technologies, Inc. as Chicony Power USA, Inc., and has it engaged in the business of selling power supply. The purpose is to enhance sales and serve customer in the United States.
Jan. 2010	Build up the LED Business Unit.
Aug. 2010	-The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NT\$ 334,868,320. Paid-in capital increased to NT\$2,415,868,320. -The Company renamed its indirectly invested company - Hipro Electronics (Suzhou) Co., Ltd., as Chicony Power Technology (Suzhou) Co., Ltd. -The Company set up the LED production lines in Chicony Power Technology (Suzhou) Co., Ltd.
Sep. 2010	The Company renamed its indirectly invested company - Hipro Hong Kong Ltd. as Chicony Power Technology Hong Kong Ltd.
May 2011	-The Company indirectly invested a 100% owned Chicony Energy Saving Technology (Shanghai) Co., Ltd. to engage in the business of selling LED lighting equipment. -The Company indirectly invested and set up Chicony Power Technology (Chong Qing) Co., Ltd. to engage in the business of selling power supply and LED lighting equipment.
Dec. 2011	The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NT\$345,971,100. Paid-in capital increased to NT\$2,761,839,420.
May 2012	The Company set up LED production line in Hipro Electronic (Dongguan) Co., Ltd.
Oct. 2012	The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NT\$496,129,920. Paid-in capital increased to NT\$3,257,969,340.
Nov. 2012	The Company was approved by the FSC for public issuance of stocks.
Jan. 2013	The Company was approved by the TPEx to have stocks listed and traded on the emerging market board.
Jan. 2013	The Company indirectly invested and set up Dongguan Chicony Power Trading Co., Ltd. to engage in the sales of power supply and LED lighting equipment.
Aug. 2013	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NT\$ 35,817,110. Paid-in capital increased to NT\$ 3,293,786,450.
Nov. 2013	On November 8, the Company officially listed and had stocks traded on the Taiwan Stock Exchange (TWSE).
Nov. 2013	The company increased its paid in capital out of cash for NT\$ 240 million. Paid-in capital increased to NT\$3,533,786,450.
Jul. 2014	The Company owns 78.125% shares of Witslight Technology Co., Ltd., and indirectly owns 78.125% shares of Witslight Technology Group and Witslight Technology Group (Kunshan) and engages in designing, research and development, production and sales of LED lighting Module.
Aug. 2014	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NT\$54,747,040. Paid-in capital increased to NT\$ 3,588,533,490.
Apr. 2015	The Company indirectly owns 78.125% shares of Zhuzhou Torch Auto Lamp Co. Ltd., and engages in production and sales of automotive and motorcycle components, electric machine

Year/Month	Descriptions
	and device, lamps and plastic products.
Aug. 2015	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NT\$54,577,840. Paid-in capital increased to NT\$3,643,111,330.
Sep. 2015	The Company increased its capital out of new restricted employee shares for NT\$40,079,700. Paid-in capital increased to NT\$3,683,191,030.
Mar. 2016	The Company increased and decreased its paid-in capital out of revocation of new restricted employee shares for NT\$17,407,700. Paid-in capital increased to NT\$3,700,598,730.
Jun. 2016	-Revocation of new restricted employee shares for NT\$333,380. Paid-in capital after revocation decreased to NT\$3,700,265,350. -The Company indirectly owns 78.125% shares of Carlight Technology Co., Ltd., and engages in Design, researching and developing and foreign sales of automotive and motorcycle lamps and other components.
Aug. 2016	The Company increased its paid-in capital out of earnings (include Employees Remuneration) for NT\$57,431,050. Paid-in capital increased to NT\$3,757,696,400.
Sep. 2016	Revocation of new restricted employee shares for NT\$207,600. Paid-in capital after revocation decreased to NT\$3,757,488,800.
Nov. 2016	Revocation of new restricted employee shares for NT\$42,600. Paid-in capital after revocation decreased to NT\$3,757,446,200.
Jan. 2017	The Company renamed its indirectly invested company - Hipro Electronic (Dongguan) Co., Ltd., as Chicony Power Technology (Dongguan) Co., Ltd.
Apr. 2017	Revocation of new restricted employee shares for NT\$45,480. Paid-in capital after revocation decreased to NT\$3,757,400,720.
May 2017	The Company increased its paid-in capital out of employees' remuneration for NT\$47,216,490. Paid-in capital increased to NT\$3,804,617,210.
Jun. 2017	Revocation of new restricted employee shares for NT\$305,880. Paid-in capital after revocation decreased to NT\$3,804,311,330.
Aug. 2017	The Company increased its paid-in capital out of earnings for NT\$18,588,140. Paid-in capital increased to NT\$3,822,899,470.
Aug. 2017	Revocation of new restricted employee shares for NT\$123,930. Paid-in capital after revocation decreased to NT\$3,822,775,540.
Nov. 2017	Revocation of new restricted employee shares for NT\$52,830. Paid-in capital after revocation decreased to NT\$3,822,722,710.
May 2018	The Company increased its paid-in capital out of employees' remuneration for NT\$44,231,390. Paid-in capital increased to NT\$3,866,954,100.
Jul. 2018	Revocation of the treasury stocks and new restricted employee shares for NT\$7,088,220. Paid-in capital after revocation decreased to NT\$3,859,865,880.
Aug. 2018	The Company increased its paid-in capital out of earnings for NT\$18,937,130. Paid-in capital increased to NT\$3,878,803,010.
Nov. 2018	Revocation of the treasury stocks for NT\$47,390,000. Paid-in capital after revocation decreased to NT\$3,831,413,010.
Apr. 2019	The Company increased its paid-in capital out of employees' remuneration for NT\$35,740,740. Paid-in capital increased to NT\$3,867,153,750.
Oct. 2019	The Company invested and set up Chicony Power Technology (Thailand) Co., Ltd.
Apr. 2020	Revocation of the treasury stocks for NT\$25,150,000. Paid-in capital after revocation decreased to NT\$3,842,003,750.
May 2020	The Company increased its paid-in capital out of employees' remuneration for NT\$45,506,620. Paid-in capital increased to NT\$3,887,510,370.
Sep. 2020	Increased shareholding in Witslight Technology Co., Ltd. to 83.68%.
Apr. 2021	The Company increased its paid-in capital out of employees' remuneration for NT\$33,961,470. Paid-in capital increased to NT\$3,921,471,840.
Jul. 2021	Increased shareholding in Witslight Technology Co., Ltd. to 100%.
Apr. 2022	The Company increased its paid-in capital out of employees' remuneration for NT\$32,412,060. Paid-in capital increased to NT\$3,953,883,900.
Apr. 2023	The Company increased its paid-in capital out of employees' remuneration for NT\$36,517,360. Paid-in capital increased to NT\$3,990,401,260.

### 3. Corporate Governance Report

#### 3.1. Organization

##### 3.1.1. Organization Chart



### 3.1.2.Functions of Major Divisions

Department	Functions
Server and High Power Business Unit (abbreviated as SH Business Unit)	Organize the R&D, business management, material purchasing, production management, and after sales services for high wattage products of the Company, such as the power supply for desktop computers, game consoles, workstations, servers, storage devices, and satellite communications.
Mini Power Business Unit (abbreviated as MP Business Unit)	Organize the R&D, business management, material purchasing, production management, and after sales services for low wattage products of the Company, such as the power supply for notebooks, printers, smart homes, and consumer products.
LED Business Unit	Organize the R&D, business management, material purchasing, production management and after sales services for LED application products of the Company.
Magnetics Business Unit (abbreviated as MAG Business Unit)	Organize the R&D, business management, material purchasing, production management and after sales services for the magnetic component products of the Company.
Intelligent System Technology Business Unit (abbreviated as IST Business Unit)	Organize the R&D, business management, material purchasing, construction management and after sales services for the intelligent buildings of the Company.
Procurement Center	Organize the purchase of materials for various products.
Quality Center	Organize the quality control, parts engineering, safety certification, and the customer management for after-sales service.
Technical Center	Integrate and make flexible use of the technology resource of the Company, assist each business unit for technology development and have the technology transferred to each unit. Long-term development of new technology to accumulate the technology capability.
Financial Center	Organize the finance, accounting, stock affairs, custom affairs and the import/export business.
Administration Management Division	Organize the human resource, general administration, ethical management and sustainable development business.
Occupational Safety Office	Discuss, plan, monitor and implement the industry safety and health management matters.
MIS Division	Organize MIS and cyber security of the Company.
Audit Office	Audit and evaluate the internal control system of the Company, and the implementation of all regulations and systems.

## 3.2. Information Concerning the Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers

### 3.2.1. Information on Directors (1)

Mar. 29, 2024 Unit: shares, %

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Chicony Electronics Co., Ltd.	-	Aug. 25, 2021	3 years	Jun. 26, 2009	200,751,594	51.19	206,706,594	51.80	-	-	-	-	-	Director and Supervisor : - Unikey Electronics Co., Ltd. - Hipro Electronics (Taiwan) Co., Ltd. Director : - Xavi Technologies Corporation - Shun On Electronic Co., Ltd., Newmax Technology Co., Ltd., Laster Tech Co., Ltd. - Cheng Ding Venture Capital Co., Ltd., Taipei Tech Developing Venture Capital Co., Ltd., Maxima Venture Capital II, WK Technology Fund IX, WK Technology Fund IX II Ltd., Top Taiwan Biotechnology Venture Capital Co., Ltd., Sheng-Ta Venture Capital Co., Ltd., Zhengda Star Venture Capital Co., Ltd.	-	-	-
	R.O.C	Legal Representative Lu, Chin-Chung	Male 56-65	Aug. 25, 2021	3 years	Jun. 7, 2018	-	-	-	-	20,100	0.01	-	-	Department of Business Administration, National ChengChi University MBA, National ChengChi University	Director / President : - Chicony Electronics Co., Ltd. - Chicony Electronics (Dongguan) Co., Ltd. Chairman (Legal Representative) : - Unikey Electronics Co., Ltd. - XAVi Technologies Corporation Chairman of XAVi (Suzhou) Co., Ltd. Director (Legal Representative) : - Hipro Electronics (Taiwan) Co., Ltd. - Guang Sheng Investment Co., Ltd. - Chun Chin Power Technology Co., Ltd. - Shun On Electronic Co., Ltd. - Newmax Technology Co., Ltd. - Zhengda Star Venture Capital Co., Ltd. Director / CEO / Secretary of Chicony America Inc. Director / CEO of Chicony America Group Inc. Director : - Subsidiaries of Chicony Electronics Co., Ltd. including Chicony Overseas Inc., Chicony Electronics (Thailand) Co., Ltd., Chicony Electronics CEZ s.r.o., Global Faith Inc., Chicony Electronics Japan Inc., Mao-Feng International Inc., Chicony Electronics (Suzhou) Co., Ltd., Kuang Mao International Inc., Real Young Elec. Co., Ltd., Hipro Overseas (BVI) Inc. - Subsidiaries of XAVi Technologies Corporation including XAVi Overseas Ltd., XAVi Technologies (Thailand) Co., Ltd., Directmax International Ltd., Systemax Development Ltd. - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Chicony Power Technology (Suzhou) Co., Ltd, Chicony Power Technology (Dongguan) Co., Ltd, Chicony Power Technology (Chong Qing) Co., Ltd, Guang Sheng Electronics (Nanchang) Co., Ltd., Chicony Energy Saving Technology (Shanghai) Co., Ltd., Dongguan Chicony Power Trading Co., Ltd. - Clevo Co. Supervisor of Mao Rui Electronics Co., Ltd. Supervisor of Chicony Electronics (Chong Qing) Co., Ltd.	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	Chicony Electronics Co., Ltd.	-	Aug. 25, 2021	3 years	Jun. 26, 2009	200,751,594	51.19	206,706,594	51.80	-	-	-	-	-	Director and Supervisor : - Unikey Electronics Co., Ltd. - Hipro Electronics (Taiwan) Co., Ltd. Director : - Xavi Technologies Corporation - Shun On Electronic Co., Ltd., Newmax Technology Co., Ltd., Laster Tech Co., Ltd. - Cheng Ding Venture Capital Co., Ltd., Taipei Tech Developing Venture Capital Co., Ltd., Maxima Venture Capital II, WK Technology Fund IX, WK Technology Fund IX II Ltd., Top Taiwan Biotechnology Venture Capital Co., Ltd., Sheng-Ta Venture Capital Co., Ltd., Zhengda Star Venture Capital Co., Ltd.	-	-	-
	R.O.C	Legal Representative Huang, Yueh-Chao	Female 56-65	Aug. 25, 2021	3 years	Aug. 25, 2021	-	-	1,639,669	0.41	-	-	-	-	National Xinying Industrial Vocational High School	Chairman : - Dijia Investment Co., Ltd. - Dijia Construction Development Co., Ltd. - Hungtzu Construction Development Co., Ltd. - Aitierh Public Relations Co., Ltd. - Juiying Design Co., Ltd.	-	-	-
Director	R.O.C	Tseng, Kuo-Hua	Male 66-75	Aug. 25, 2021	3 years	Jun. 14, 2012	4,074,434	1.04	4,470,589 (Note 1)	1.12	200,000	0.05	-	-	Department of Industrial Engineering, National Taipei University of Technology Master of Science, National Taipei University of Technology Li Shin International Enterprise Corp., President Lite- On Electronics Inc., Factory Director	President of the Company Chairman / President : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. Chairman : - Chicony Power Technology (Dongguan) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Director : - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Witslight Technology Corporation Limited (Samoa), Witslight Technology group (Kunshan), Zhuzhou Torch Auto Lamp Co. Ltd. Director (Legal Representative) : - Carlight Technology Co., Ltd. - Taipei Tech Developing Venture Capital Co., Ltd. Executive Director: - National Taipei University of Technology Foundation The 6th President and 7th Executive Director of the Alumni Union of Industrial Engineering and Management Department of National Taipei University of Technology	-	-	-
Director	R.O.C	Lee, Tse-Ching	Female 66-75	Aug. 25, 2021	3 years	Jun. 6, 2019	24,362,547	6.21	24,362,547	6.11	-	-	-	-	National Taipei University of Business Senior Accounting, Beitou Huanan Hotel Accounting Director, Taipei City Mingcheng Hotel	Director of Chicony Electronics Co., Ltd. Director of XAVi Technologies Corporation Director of Tse-Kuei Hepatobiliary Medical Research Foundation	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Tsai, Duh-Kung	Male 66-75	Aug. 25, 2021	3 years	Jan. 22, 2013	-	-	-	-	-	-	-	-	Department of Industrial Engineering, National Taipei University of Technology Manager of Taiwan Electronic Computer Company Division Director of AMPEX Computer Co., Ltd. President of Taiwan Region of AST Computer Co., Ltd. Chairman of Kingston Technology Corporation	Remuneration, Audit, and Sustainability Development Committee member of the Company Chairman : - Powertech Technology Inc. - PTI Education Foundation Director : - Greatek Electronics Inc. - Powertech Technology (Suzhou) Ltd. - Powertech Holding (B.V.I.) Inc. - PTI Technology (Singapore) Pte. Ltd. - Powertech Technology (Singapore) Pte. Ltd. - Powertech Technology Japan Ltd. - Powertech Technology Akita Ltd. - Tera Probe Inc.	-	-	-
Independent Director	R.O.C	Hong, Ching-Shan	Male 66-75	Aug. 25, 2021	3 years	Aug. 25, 2021	-	-	-	-	-	-	-	-	Business Administration Group, Department of Business, National Taiwan University Master of Accounting and Law, National Chengchi University PwC Taiwan, Deputy Head Taiwan CPA Association, Deputy Managing Director	Remuneration, Audit, and Sustainability Development Committee member of the Company Chairman : - Qingsheng Financial Consultant Co., Ltd. Independent Director, and Remuneration/Audit Committee member : - Yuanta Securities Co., Ltd. - Yuanta Commercial Bank Co., Ltd. Independent Director, and Audit Committee member : - Hannstar Display Corp.	-	-	-
Independent Director	R.O.C	Sun, Chin-Feng	Male 56-65	Aug. 25, 2021	3 years	Aug. 25, 2021	-	-	-	-	-	-	-	-	Department of Mining and Metallurgy, National Taipei University of Technology MBA, University of Michigan MS, Wayne State University Chongjin Venture Capital Co., Ltd., Assistant VP American Emerson Electric Asia Technology Center, Director	Remuneration, Audit, and Sustainability Development Committee member of the Company President: -Saga Unitek Ventures Co., Ltd. Chairman : - FiTek Photonics Corp. - Saijia Investment Co., Ltd. - Yang-Ching Co., Ltd. Chairman (Legal Representative) : - Kangcyun Venture Capital Co., Ltd. Director (Legal Representative) : - Shengda Venture Capital Co., Ltd. Independent Director, and Remuneration/Audit Committee member : - Wonderful Hi-Tech Co., Ltd. - Hua Eng Wire and Cable Co., Ltd. - Tah Tong Textile Co., Ltd.	-	-	-

Note 1: Shares Holdings include shares in trust the grantor retains the power to decide the allocation.



Table 1 : Directors that are legal representative of the corporate shareholders, and the Major shareholders of the corporate shareholders

Institutional Shareholder	Major Shareholders of Corporate Shareholders
Chicony Electronics Co., Ltd.	Hsu, Kun-Tai (7.45%), Yuanta Taiwan High Dividend Fund (4.73%), Fuh Hwa Taiwan Technology Dividend Highlight ETF (4.23%), Capital Tip Customized Taiwan Select High Dividend ETF (3.80%), Unikey Electronics Co., Ltd. (2.58%), UPAMC Taiwan High Dividend Momentum ETF (2.37%), Epoque Corp. (2.08%), New Labor Pension Fund (1.79%), Investment account of J.P. Morgan managed by JPMorgan Chase Bank, N.A., Taipei Branch (1.73%), Hipro Electronics (Taiwan) Co., Ltd (1.68%)

Table 2 : Directors that are Legal Representative of the Corporate Shareholders, and the Major Shareholders of the Corporate Shareholders

Institutional shareholder	Major Shareholders of Corporate Shareholders
Unikey Electronics Co., Ltd	Chicony Electronics Co., Ltd. (100%)
Epoque Corp.	Hsu, Kun-Tai (63.8%), Huatai Investment Co., Ltd. (14.3%), Tong Ling Machinery Co., Ltd. (9.1%), Chin Yuan Iron Works & Co., Ltd. (6.9%), Kang, Min-Chen (4.8%), Xu, Wen-Xin (1.0%), Lin, Feng-Zhu (0.1%)
Hipro Electronics (Taiwan) Co., Ltd	Chicony Electronics Co., Ltd. (100%)

### 3.2.1. Information on Directors (2)

#### (1) Disclosure of Professional Qualifications of Directors, and Independence of Independent Directors :

<div> <div>Conditions</div> <div>Name</div> </div>	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note 2)	<div> <div>Mar. 29, 2024</div> <div>Number of Public Companies in which Concurrently Serves as an Independent Director</div> </div>
Director: Chicony Electronics Co., Ltd. Representative: Lu, Chin-Chung	<ul style="list-style-type: none"> <li>- Currently the president of Chicony Electronics, specializing in industrial operation and strategic management. He has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company, with practical capabilities in corporate governance, business, marketing, and technology industry related operational planning. He provides the Board of Directors with valuable corporate governance and management insights for strategic planning and execution.</li> <li>- There are no matters related to Article 30 of the Company Act.</li> </ul>	1. Chicony Electronics Co., Ltd. is the juristic person shareholder who hold more than 5% of the Company's issued shares and is the Company's the largest shareholder. 2. Mr. Lu, Chin-Chung was elected as the director appointed by Chicony Electronics Co., Ltd. 3. Mr. Lu, Chin-Chung is also the director and president of the Company's affiliated company.	-
Director: Chicony Electronics Co., Ltd. Representative: Huang, Yueh-Chao	<ul style="list-style-type: none"> <li>- Currently the chairman of Dijia Investment and Dijia Construction, specializing in company operation and strategic management. She has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company, with corporate governance, marketing, and practical capabilities in operation and management. She brings to the Board of Directors with extensive experience and vision in various industries, so that the Company can have a more diversified aspect in the thinking of operation and management strategies.</li> <li>- There are no matters related to Article 30 of the Company Act.</li> </ul>	The chairman of the Company's top 10 legal person shareholders – Dijia Investment Co., Ltd.	-
Director: Tseng, Kuo-Hua	<ul style="list-style-type: none"> <li>- Prior to joining Chicony Power, he was the factory director of Lite-On Electronics Inc. and the president of Li Shin International Enterprise Corp. Now he is the president of the Company, specializing in the Company's operation and strategic management. He has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company. On the role as the Company's managerial personnel, he communicates and interacts with all directors on the strategy of operation and management on the Board of Directors, and provides advice on operating and management. He also has business, marketing, insights into industrial development and technology application.</li> <li>- There are no matters related to Article 30 of the Company Act.</li> </ul>	1. The president of the Company, as a director with managerial personnel.	-
Director Lee, Tse-Ching	<ul style="list-style-type: none"> <li>- The director of Chicony Electronics Co., Ltd. and XAVi Technologies Corporation. She has more than 5 years of work experience in the area of commerce, finance, accounting and otherwise necessary for the business of the Company, with business, accounting information and financial analysis and management capabilities.</li> <li>- There are no matters related to Article 30 of the Company Act.</li> </ul>	1. The natural person shareholder who hold more than 5% of the Company's issued shares and is the Company's 2nd largest shareholder. 2. Also a director of the Company's affiliated company.	-

<div>Conditions</div> <div>Name</div>	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note 2)	Number of Public Companies in which Concurrently Serves as an Independent Director
Independent Director: Tsai, Duh-Kung	<ul style="list-style-type: none"> <li>- The chairman of PTI, specializing in the operation and strategic management of the semiconductor industry. He has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company, with finance, accounting, business, marketing and technology industry-related operation management practical capabilities. He can provides relevant corporate governance and operational management opinions and policies to the Board of Directors of the Company in a timely manner, and can improve the quality of corporate governance of the Board of Directors and the supervision function of the Audit Committee.</li> <li>- There are no matters related to Article 30 of the Company Act.</li> </ul>	<p>According to the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles", directors are selected by the candidate nomination system. During the nomination and selection of board members, the Company has obtained a statement of academic and work experience by each director to verify and confirm the independence of themselves, their spouses and their relatives within the second degree kinship to the Company. The Company has also verified that the 3 independent directors are in compliance with the qualification requirements stipulated in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission during the two years before their election and during their tenure.</p>	0
Independent Director: Hong, Ching-Shan	<ul style="list-style-type: none"> <li>- He was qualified as an accountant. Previously, he was the deputy head of PwC Taiwan and deputy managing director of Taiwan CPA Association. He is now the chairman of Qingsheng Financial Consultant Co., Ltd., and the independent director of Yuanta Securities, Yuanta Commercial Bank, and Hannstar Display Corp. He has more than 5 years of work experience in the area of commerce, finance, accounting and otherwise necessary for the business of the Company. He has the ability in corporate governance finance, and accounting which can improve the quality of corporate governance of the Board of Directors and the supervision function of the Audit Committee.</li> <li>- There are no matters related to Article 30 of the Company Act.</li> </ul>		3
Independent Director: Sun, Chin-Feng	<ul style="list-style-type: none"> <li>- He used to be the director of the Asian Technology Center of Emerson Electric and the general manager of Guolian Venture Capital. He is now the chairman of FiTek Photonics Corp. and the independent director of Wonderful Hi-Tech, Hua Eng Wire and Cable and Tah Tong Textile Co., Ltd. He has more than 5 years of work experience in the area of commerce, finance, accounting, and otherwise necessary for the business of the Company. He specializes in investment management with corporate governance, accounting information and finance capabilities which can improve the quality of corporate governance of the Board of Directors and the supervision function of the Audit Committee.</li> <li>- There are no matters related to Article 30 of the Company Act.</li> </ul>		3

Note 1 : Professional Qualification and Experience :

Describe the professional qualifications and experience of directors and supervisors. If they are the audit committee members and have accounting or financial expertise, the Company must explain their accounting or financial background and work experience, and indicate whether there are no matters related to Article 30 of the Company Act.

Note 2 : Compliance of independence :

Including but not limited to whether themselves, their spouse, relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; the number and percentage of shares of the Company held by themselves, their spouse, relatives within the second degree of kinship (or in the name of others); whether to serve as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last 2 years.

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

A. Diversity of the Board of Directors:

According to the Company's "Corporate Governance Best Practice Principles", the composition of the Board of Directors shall be determined by taking into consideration such basic qualifications as gender, age, nationality and cultures, as well as the knowledge, skills and competency required by them to perform their duties.

(A) The Company will consider the diversity of the Board Members in multiple aspects when electing the Board Members, and formulate appropriate diversification policies for the Company's operation and development needs. The Company has elected 7 directors who have R.O.C. nationality, including 1 director with employee status, account for 14%; 3 independent directors, account for 43%, and 2 independent directors have a tenure of less than 9 years. According to the age distribution range of directors, 3 directors are between 56-65 years old and 4 directors are between 66-75 years old.

(B) According to the name list of the Company's 6th-term directors, all of the directors hold abundant industrial experience, including Lu, Ching-Chung, Tseng, Kuo-Hua, Huang, Yueh-Chao, Tsai, Duh-Kung and Sun, Chin-Feng, who are specialized in leadership, business judgment, business administration, crisis management and international market view, and Hong, Ching-Shan and Lee, Tse-Ching, who are specialized in financial accounting, management and financial affairs.

(C) The Company's board diversity policy and status of diversity of individual Board Members are disclosed on the Company's website. For the status of diversity of the Board Members is as follows:

Diversified Core Items Name of Director	Gender	Concurrently Serving as an Employee	Term of Office for Independent Director			Business Management	Accounting & Finance	Management Administration	Crisis Management	Industrial Knowledge	International Market Knowledge	Leadership Decision
			Under 3 years	3-9 years	More than 9 years							
Lu, Chin-Chung	Male					✓	✓	✓	✓	✓	✓	✓
Huang, Yueh-Chao	Female					✓	✓	✓		✓	✓	✓
Tseng, Kuo-Hua	Male	✓				✓	✓	✓	✓	✓	✓	✓
Lee, Tse-Ching	Female						✓	✓		✓	✓	✓
Tsai, Duh-Kung	Male				✓	✓	✓	✓	✓	✓	✓	✓
Hong, Ching-Shan	Male		✓			✓	✓	✓	✓	✓	✓	✓
Sun, Chin-Feng	Male		✓			✓	✓	✓	✓	✓	✓	✓

(D) Furthermore, the Company emphasizes gender equality in the composition of the Board of Directors. The goal of female director is to maintain at least one. At present, there are 2 female directors, account for 29%. Each director has competent academic background and experience, and satisfies the requirements about work experience and expertise required by the Company's business. In conclusion, the Company has practiced the board diversity policy.

B. Independence of the Board of Directors:

The Company has elected 3 independent directors, account for 43%, of which 2 independent directors have a tenure of less than 9 years.

During the nomination and selection of board members, the Company has obtained a statement of academic and work experience by each director to verify and confirm the independence of themselves, their spouses and their relatives within the second degree kinship to the Company. None of the Directors of the Company has any of the conditions stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

### 3.2.2. Information on Managers

Mar. 29, 2024 ; Unit: shares, %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C	Tseng, Kuo-Hua	Male	Feb. 2, 2009	4,470,589 (Note 1)	1.12	200,000	0.05	-	-	Department of Industrial Engineering, National Taipei University of Technology Master of Science, National Taipei University of Technology Li Shin International Enterprise Corp., President Lite-On Electronics Inc., Factory Director	Director of the Company Chairman / President : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. Chairman : - Chicony Power Technology (Dongguan) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Director : - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Witslight Technology Corporation Limited (Samoa), Witslight Technology group (Kunshan), Zhuzhou Torch Auto Lamp Co. Ltd. Director (Legal Representative) : - Carlight Technology Co., Ltd. - Taipei Tech Developing Venture Capital Co., Ltd. Executive Director: - National Taipei University of Technology Foundation The 6th President and 7th Executive Director of the Alumni Union of Industrial Engineering and Management Department of National Taipei University of Technology	-	-	-
MP Business Unit, President	R.O.C	Huang, Chien-Yu	Male	Jan. 2, 2013	496,066 (Note 1)	0.12	247,912	0.06	-	-	Department of Physics, National Central University Lite-On Electronics Inc., Assistant VP Liangtai Enterprise Co., Ltd., Vice President	Director : - Chicony Power Technology (Thailand) Co., Ltd. - Chicony Power Technology Hong Kong Ltd. - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd.,	-	-	-
SH Business Unit, President (Note 2)	R.O.C	Huang, Shou-Fan	Male	Mar. 30, 2023	76,412 (Note 1)	0.02	-	-	-	-	Department of Industrial Engineering, Chung Yuan Christian University Master of Department of Industrial Engineering, Rutgers University Department of Materials, Lucent Technologies, Director Emerson Electric (Taiwan) Co., Ltd., Senior Director	Director/ President : - Dongguan Chicony Power Trading Co., Ltd., Director : - Chicony Power Technology (Thailand) Co., Ltd. - Chicony Power Technology Hong Kong Ltd. - Chicony Power Technology (Dongguan) Co., Ltd.	-	-	-
Guang Sheng Factory, Senior Vice President	R.O.C	Li, Tsu-Yu	Male	Feb. 2, 2009	1,339,350 (Note 1)	0.34	-	-	-	-	Department of Physics, National Central University Texas Instruments Incorporated, Supervisor Guang-Sheng Support Division, Hipro Electronics (Taiwan) Co., Ltd., Senior Vice President	Director / President : - Guang Sheng Electronics (Nanchang) Co., Ltd.	-	-	-
MAG Business Unit, Vice President	R.O.C	Lin, Che-Shih	Male	May 1, 2021	155,187 (Note 1)	0.04	-	-	-	-	Department of Electronic Engineering, National Chin-Yi University of Technology Rayal Roads University EMBA Hyperion Electronics Co. Ltd., Manager Li Shin International Enterprise Corp., Senior Director	Director : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd.	-	-	-
MP R&D Center, Vice President	R.O.C	Wang, Yang	Male	May 1, 2021	81,247 (Note 1)	0.02	10	0.00	-	-	Department of Electrical Engineering, National Taiwan University Graduated from EMBA, National Chengchi University Hipro Electronics (Taiwan) Co., Ltd., R & D Manager	Director : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
MP Business Unit, Vice President	R.O.C	Pan, Sin-Jian	Male	May 11, 2022	34,382 (Note 1)	0.01	-	-	-	-	Department of Industrial Engineering, Chung Yuan Christian University Ding-Chin computer Co., Ltd, Deputy Manager Hipro Electronics (Taiwan) Co., Ltd, Business Department Director	None	-	-	-
Financial Center, Vice President	R.O.C	Chen, Hsueh-Yi	Male	May 11, 2022	121,140 (Note 1)	0.03	-	-	-	-	Department of Mechanical Engineering, Chiao Tung University New York University, MBA BES Engineering Corporation, Deputy Manager Financial Center of Hipro Electronics (Taiwan) Co., Ltd., Director	Chairman (Legal Representative) : - Carlight Technology Co., Ltd. Chairman : - Witslight Technology Group (Kunshan) - Zhuzhou Torch Auto Lamp Co. Ltd. Director : - Chicony Power Technology (Thailand) Co., Ltd. - Chicony Power Technology Hong Kong Ltd. - Witslight Technology Corporation Limited (Samoa) Supervisor : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. - Chicony Power Technology (Dongguan) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Director (Legal Representative) : - Cheng Ding Venture Capital Co., Ltd Supervisor (Legal Representative) : - Top Taiwan Biotechnology Venture Capital Co., Ltd.	-	-	-
Procurement Center, Vice President and Procurement Chief	R.O.C	Huang, Ming-Hui	Male	May 11, 2022	28,200 (Note 1)	0.01	-	-	-	-	Department of Computer Science, National Chiao Tung University Master of Business Administration, National Cheng Kung University ASUSTeK Computer Inc., Procurement Manager Pegatron Corporation, Sales Director Pegatron Corporation, Deputy Procurement Manager	Director (Legal Representative) : - Carlight Technology Co., Ltd. Director : - Witslight Technology Corporation Limited (Samoa) - Witslight Technology Group (Kunshan) - Zhuzhou Torch Auto Lamp Co. Ltd. Supervisor : - Chicony Energy Saving Technology (Shanghai) Co., Ltd	-	-	-
Quality Center, Assistant VP	R.O.C	Chen, Chun-Jheng	Male	Oct. 16, 2019	22,123 (Note 1)	0.01	-	-	-	-	Department of Mechanical Engineering, National Tsing Hua University Master of Department of Power Mechanical Engineering, National Tsing Hua University Wistron NeWeb Corporation, Kunshan Factory Director Quality Assurance Department and Supplier Management of Kunshan factory ,Wistron Corporation, Director	None	-	-	-
Quality Center, Assistant VP	R.O.C	Liang, Guo-Bao	Male	May 11, 2022	224,468 (Note 1)	0.06	-	-	-	-	Guangzhou Sun Yat-Sen University EMBA WYSE Technology Taiwan Ltd., Director of Quality Control Department Wistron Corporation, Senior Manager of Supplier Management	None	-	-	-
MAG Business Unit, Assistant VP (Note 2)	R.O.C	Huang, Ming-Ssu	Male	May 1, 2021	189,200 (Note 1)	0.05	-	-	-	-	Department of Electronics, Hwa Hsia University of Technology National Taipei University of Technology EMBA Kentex Electronic Co., Ltd., Business Manager Li Shin International Enterprise Corp., Deputy Director of Materials	None	-	-	-
SH High Power R&D Division, Assistant VP	R.O.C	Hsiao, Yung-Himg	Male	May 1, 2021	97,362 (Note 1)	0.02	-	-	-	-	Department of Electronic Engineering, National Taiwan University of Science and Technology Platform Application Engineering Department of Intel Microelectronics Data Center, Senior Manager R&D Center, Flextronics Power Co., Ltd., Senior Manager,	None	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
MP R&D Center, Assistant VP	R.O.C	Lin, Sen-Ci	Male	May 11, 2022	51,958 (Note 1)	0.01	20	0.00	-	-	Department of Electronics, Feng Chia University Delta Electronics, Inc., Senior Engineer Lite- On Electronics Inc., Manager	None	-	-	-
MP Suzhou Factory, Assistant VP	R.O.C	Chen, Yang-Kai	Male	May 11, 2022	83,498 (Note 1)	0.02	-	-	-	-	Department of Mechanical Engineering , National Taiwan University Master of Business Administration, National Chengchi University, Chicony Electronics (Dongguan) Co., Ltd., Factory Director	None	-	-	-
Audit Office, Senior Manager	R.O.C	Yu, Wen-Feng	Female	May 11, 2022	145,312 (Note 1)	0.04	115	0.00	-	-	Department of Industry and Business Management, Tamkang University Accounting Department, Chicony Electronics Co., Ltd., Supervisor Accounting Department, Hipro Electronics (Taiwan) Co., Ltd., Manager	None	-	-	-

Note 1: Shares Holdings include shares in trust the grantor retains control and use at his discretion.

Note 2: Huang, Shou-Fan were promoted incumbent position on Mar. 30, 2023.

3.2.3. Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) :

None.

### 3.3. Remuneration to Directors, Supervisors, President, and Vice Presidents

#### 3.3.1. Remuneration to General Directors and Independent Director in 2023

Unit: NT\$1,000

Title		Name	Remuneration to Directors								(A+B+C+D) Amount and as a % of Net Income	Remuneration from Concurrently Servings as Employees								(A+B+C+D+E+F+G) Amount and as a % of Net Income		Remuneration from Investments Other Than Subsidiaries or the Parent Company		
			Wage (A)		Pension upon Retirement (B)		Remuneration to Directors (C)		Service Expenses (D)			Wages, Bonuses, and Special Allowances, Etc. (E)		Pension upon Retirement (F)		Employee Remuneration (G)								
			The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities			The Company	All Consolidated Entities
																		cash	shares	cash	shares			
Director	Chairman	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	1,890	1,890	-	-	29,552	29,552	450	450	31,892 0.97%	31,892 0.97%	6,179	6,179	108	108	17,642	24,483	17,642	24,483	80,304 2.44%	80,304 2.44%	30,255	
	Director	Chicony Electronics Co., Ltd. Representative: Huang, Yueh-Chao																						
	Director	Tseng, Kuo-Hua																						
	Director	Lee, Tse-Ching																						
Independent Director	Independent Director	Tsai, Duh-Kung	720	720	-	-	12,817	12,817	360	360	13,897 0.42%	13,897 0.42%	-	-	-	-	-	-	-	-	13,897 0.42%	13,897 0.42%	-	
	Independent Director	Hong, Ching-Shan																						
	Independent Director	Sun, Chin-Feng																						
1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration : The remuneration of independent directors of the Company makes recommendations to the Board of Directors by the Remuneration Committee considers each director's participation of the Company's operation and contributions to the Company in accordance with Article 24 of the Company's Articles of Incorporation. 2. In addition to the disclosures in the above Table, the remuneration of directors from providing services (e.g., parent company/all consolidated entities/investees as the consultant of non-employee) to all companies in financial statements in recent year: NT\$0.																								

Note 1: Compensation of employees and directors is amounts proposed for distribution this year.

Note 2: Accrual basis is adopted to disclose information on remuneration.



## Range of Remuneration

Range of Remuneration Paid to Directors	Name of Directors			
	Aggregate of First Four Items of Remuneration (A+B+C+D)		Aggregate of First Seven Items of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities	The Company	From the Parent Company and All Re-investments Other Than Subsidiaries (Note)
Below NT\$1,000,000	-	-	-	-
NT\$1,000,000 (Inclusive) ~ NT\$2,000,000 (Exclusive)	-	-	-	-
NT\$2,000,000 (Inclusive) ~ NT\$3,500,000 (Exclusive)	-	-	-	-
NT\$3,500,000 (Inclusive) ~ NT\$5,000,000 (Exclusive)	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Lee, Tse-Ching Tsai, Duh Kung Hong, Ching-Shan Sun, Chin-Feng	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Lee, Tse-Ching Tsai, Duh Kung Hong, Ching-Shan Sun, Chin-Feng	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Lee, Tse-Ching Tsai, Duh Kung Hong, Ching-Shan Sun, Chin-Feng	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Tsai, Duh Kung Hong, Ching-Shan Sun, Chin-Feng
NT\$5,000,000 (Inclusive) ~ NT\$10,000,000 (Exclusive)	Tseng, Kuo-Hua	Tseng, Kuo-Hua	-	-
NT\$10,000,000 (Inclusive) ~ NT\$15,000,000 (Exclusive)	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	-
NT\$15,000,000 (Inclusive) ~ NT\$30,000,000 (Exclusive)	-	-	-	Lee, Tse-Ching
NT\$30,000,000 (Inclusive) ~ NT\$50,000,000 (Exclusive)	-	-	-	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung
NT\$50,000,000 (Inclusive) ~ NT\$100,000,000 (Exclusive)	-	-	Tseng, Kuo-Hua	Tseng, Kuo-Hua
Over NT\$100,000,000	-	-	-	-
Total	7	7	7	7

Note: The remuneration to the parent company's employees allocated by means of issuance of new shares is estimated based on the amount to be distributed this year, it has not been actually distributed. So the amount of this remuneration does not include the amount of the parent company's employees allocated by means of issuance of new shares.

If any of the following applies, the remuneration paid to each individual director shall be disclosed:

1. After-tax loss occurring in individual or respective financial reports in the last three years: None.
2. The Company has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year: None.
3. The Company has had an average ratio of share pledging by directors in excess of 50 percent in any 3 months during the most recent fiscal year: None.
4. If the total amount of remuneration received by all of the directors in their capacities as directors of all of the companies listed in the financial reports exceeds 2% of the net income after tax, and the remuneration received by any individual director exceeds NT\$15 million: None.
5. The Company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the last two level tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the Company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation: None.
6. The average annual salary of the full-time non-management employees in a TWSE or TPEX listed company is less than NT\$500,000 in the most recent fiscal year: None.
7. The Company had an increase of 10% or more in net profit after tax for the most recent fiscal year, but the average annual salary of its full-time non-management employees did not increase relative to the preceding fiscal year: None.
8. The Company had a decline in after-tax net income reaching 10% and exceeding NT\$5 million for the most recent fiscal year, along with an increase in its average remuneration per director (not including the remuneration of those who are also employees) reaching 10% or more and exceeding NT\$100,000: None.

3.3.2. Remuneration to Supervisor :

Not be applicable.

The Company has established an Audit Committee on Jun. 7, 2018.

### 3.3.3. Remuneration to President and Vice Presidents in 2023

Unit: NT\$1,000

Title	Name	Wages (A)		Pension upon Retirement (B)		Bonuses and Special Allowances (C)		Employees Remuneration (D)				(A+B+C+D) Amount and as a % of Net Income		Remuneration from Investments Other Than Subsidiaries or the Parent Company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								cash	shares	cash	shares			
President	Tseng, Kuo-Hua	24,253	24,519	1,219	1,219	13,392	13,392	30,738	53,407	30,738	53,407	123,009 3.73%	123,275 3.74%	-
MP Business Unit, President	Huang, Chien-Yu													
SH Business Unit, President (Note 1)	Huang, Shou-Fan													
SH Business Unit, President (Note 1)	Ku, Ming-Hui													
Guang Sheng Factory, Senior Vice President	Li, Tsu-Yu													
MAG Business Unit, Vice President	Lin, Che-Shih													
MP R&D Center, Vice President	Wang, Yang													
MP Business Unit, Vice President	Pan, Sin-Jian													
Financial Center, Vice President	Chen, Hsueh-Yi													
Procurement Center, Vice President and Procurement Chief	Huang, Ming-Hui													

Note 1: Huang, Shou-Fan were promoted incumbent position on Mar. 30, 2023. Ku, Ming-Hui resigned on June 30, 2023.

Note 2: Accrual basis is adopted to disclose information on remuneration.

## Range of Remuneration

Range of Remuneration Paid to President and Vice President	President and Vice Presidents	
	The Company	All Consolidated Entities
Below NT\$1,000,000	-	-
NT\$1,000,000 (Inclusive) ~ NT\$2,000,000 (Exclusive)	Ku, Ming-Hui	Ku, Ming-Hui
NT\$2,000,000 (Inclusive) ~ NT\$3,500,000 (Exclusive)	-	-
NT\$3,500,000 (Inclusive) ~ NT\$5,000,000 (Exclusive)	-	-
NT\$5,000,000 (Inclusive) ~ NT\$10,000,000 (Exclusive)	Huang, Shou-Fan Li, Tsu-Yu Lin, Che-Shih Wang, Yang Pan, Sin-Jian Chen, Hsueh-Yi Huang, Ming-Hui	Huang, Shou-Fan Li, Tsu-Yu Lin, Che-Shih Wang, Yang Pan, Sin-Jian Chen, Hsueh-Yi Huang, Ming-Hui
NT\$10,000,000 (Inclusive) ~ NT\$15,000,000 (Exclusive)	-	-
NT\$15,000,000 (Inclusive) ~ NT\$30,000,000 (Exclusive)	Huang, Chien-Yu	Huang, Chien-Yu
NT\$30,000,000 (Inclusive) ~NT\$50,000,000 (Exclusive)	Tseng, Kuo-Hua	Tseng, Kuo-Hua
NT\$50,000,000 (Inclusive) ~NT\$100,000,000 (Exclusive)	-	-
Over NT\$100,000,000	-	-
Total	10	10

Note :

1. After-tax loss occurring in individual or respective financial reports in the last three years : None.
2. Where the results of the corporate governance evaluation of a listed and OTC company in the most recent year fall in the last two level, or the trading method has been changed, trading has been suspended, listing has been terminated, or other facts where the Corporate Governance Evaluation Committee passed the resolution that the Company shall not be evaluated in the most recent year and up to the date of publication : None.

Where a listed or OTC company has any of the preceding circumstances, it shall disclose the remuneration of the top five directors separately :

The Company does not have the circumstances in 1 and 2 above.

### 3.3.4. Compensation of Employee Paid to Managerial Officers in 2023

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

	Title	Name	Amount Paid in Shares	Amount Paid in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	President	Tseng, Kuo-Hua	63,563	33,132	96,695	2.93
	MP Business Unit, President	Huang, Chien-Yu				
	SH Business Unit, President	Huang, Shou-Fan				
	Guang Sheng Factory, Senior Vice President	Li, Tsu-Yu				
	MAG Business Unit, Vice President	Lin, Che-Shih				
	MP R&D Center, Vice President	Wang, Yang				
	MP Business Unit, Vice President	Pan, Sin-Jian				
	Financial Center, Vice President	Chen, Hsueh-Yi				
	Procurement Center, Vice President and Procurement Chief	Huang, Ming-Hui				
	Quality Center, Assistant VP	Chen, Chun-Jheng				
	Quality Center, Assistant VP	Liang, Guo-Bao				
	MAG Business Unit, Assistant VP	Huang, Ming-Ssu				
	SH High Power R&D Division, Assistant VP	Hsiao, Yung-Hing				
	MP R&D Center, Assistant VP	Lin, Sen-Ci				
	MP Suzhou Factory, Assistant VP	Chen, Yang-Kai				
	Audit Office, Senior Manager	Yu, Wen-Feng				

Note 1: The amount of employee remuneration is proposed based on the amount that can be allocated to employees according to the Articles of Incorporation.

3.3.5. Analysis of the Proportion of the Total Remuneration Paid to Directors, Supervisors, President and Vice Presidents of the After-tax Net Profit on the Individual or Respective Financial Report of the Recent Two years, as well as the Policies, Standards, Combinations, Procedures of Determining the Remuneration, and the Relation to Business Performance and Future Risk.

- (1) Analysis of the Proportion of the Total Remuneration Paid to Directors, Supervisors, President and Vice Presidents of the After-tax Net Profit on the Individual or Respective Financial Report of the Recent Two years.

Unit: NT\$1,000

Title	Total remuneration				% to after-tax net profit			
	2023		2022		2023		2022	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Directors	45,789	45,789	45,977	45,977	1.39%	1.39%	1.42%	1.42%
Supervisors	-	-	-	-	-	-	-	-
President and Vice Presidents	123,009	123,275	133,959	135,020	3.73%	3.74%	4.13%	4.16%

Note: Remuneration to directors is the amount proposed for distribution this year.

- (2) The Policies, standards and Portfolios for the Payment of Remuneration, and Procedures for Determining Remuneration.

A. The remunerations to directors (including independent directors) of the Company, including wages and remuneration from distribution of earnings. With respect to wages, it is subject to the discussion of the Remuneration Committees and then submitted to the Board of Directors for approval. With respect to remuneration of directors, the Remuneration Committee proposes the amount and discusses the distribution principles, which shall be appropriated within 1% of the current pre-tax benefits in pursuant to the Company's Articles of Incorporation, with reference to their participation in the operations and contributions to the Company and then submits it to the Board of Directors for resolutions.

The remuneration of managers such as President and Vice President includes salary, bonus, employee remuneration and pensions appropriated per regulations. Salaries of managers are proposed by the Remuneration Committee after considering the position, education and work experience, and relevant responsibility of the work with reference to remuneration of the same level of work paid by peers in the same industry, and submitted to the Board of Directors for resolution. The salary increment percentage, bonuses and employee remuneration are proposed by the Remuneration Committee after considering the Company's financial indicators (such as the Company's annual sales revenue, and profitability achievement rate) and non-financial indicators (such as personal annual performance appraisal, personnel management performance and other special contributions or major negative events), as well as reference the standards of peers in the industry, and submits it to the Board of Directors for resolution. In addition, ESG projects are also included in the annual performance appraisal of senior managers to implement the Company's ESG policies and achieve sustainable management goals. The annual performance appraisal of managers includes significant ESG assessment items such as awareness of major ESG themes, promotion of industrial safety and health, implementation of energy conservation and carbon reduction, as well as actual performance of ethical management and moral ethics, which together account for 15% of the total performance appraisal weight. The final evaluation results of the annual performance appraisal will affect bonuses, dividend distributions, annual salary raise and promotions.

- (3) The Relation to Business Performance and Future Risk :

The evaluation on business performance of the Company's directors and managers will follow the typical pay level adopted by peer companies and also take into consideration the operating results and their contribution to the Company's business performance to consider

the high relation between the amount of remuneration, payment method and future risk of the Company and the business liability and entire performance of the Company to be borne by them.

### 3.4. Status of Corporate Governance

#### 3.4.1. Information Concerning the Board of Directors

##### (1) Information Concerning the Board of Directors

The Board of Directors held 4 meetings (A) during 2023. The attendance of Directors is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Chairman	Chicony Electronics Co., Ltd. Representative: Lu, Chin-Chung	4	0	100%	
Director	Chicony Electronics Co., Ltd. Representative: Huang, Yueh-Chao	3	1	75%	
Director	Tseng, Kuo-Hua	4	0	100%	
Director	Lee, Tse-Ching	4	0	100%	
Independent Director	Tsai, Duh-Kung	4	0	100%	
Independent Director	Hong, Ching-Shan	4	0	100%	
Independent Director	Sun, Chin-Feng	4	0	100%	

Other matters required to be recorded:

- For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:
  - Matters specified in Article 14-3 of Securities and Exchange Act:  
The Company has established an Audit Committee; hence the Article 14-3 of Securities and Exchange Act shall not be applicable. Please refer to the chapter of Audit Committee in the Annual Report.
  - Items in board resolutions regarding which independent directors have dissenting opinions or qualified opinions on the record or in writing: No above-mentioned so far.
- Disclosure regarding avoidance of interest-conflicting agendas, including the names of directors concerned, the agendas, the nature of conflicting interests, and the voting process: None.
- Measures taken to strengthen the functionality of the Board of Directors:
  - In 2023 and up until Mar. 29, 2024, all motions by the Board, as well as procedures of conducting meetings and the self-disciplined principle of Directors were executed in pursuance to the Rules of Procedure for Board of Directors Meetings.
  - The Company has completed the 2023 evaluation on performance of the Board of Directors and functional committee, and submitted the Board of Directors' performance evaluation report to the 11th meeting of the 6th Board of Directors on Mar. 12, 2024 to strengthen the functions of the Board of Directors.

The attendance of independent directors for each Board of Directors Meetings in 2023 summarized as follows:

Participate in person:√, Attendance by proxy:☆, Absent: ✕, No need to attend: -

Date Name	Mar. 1	May 2	Aug. 2	Nov. 2
Tsai, Duh-Kung	√	√	√	√
Hong, Ching-Shan	√	√	√	√
Sun, Chin-Feng	√	√	√	√

## (2) Implementation of Performance Evaluation by the Company's Board of Directors

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Evaluation Items
Once a year	Jan.1 2023 to Dec. 31 2023	The board of directors as a whole, individual board members, functional committee	Self-Evaluation of Performance of the Board, Self-Evaluation of Performance of Board Members, Self-Evaluation of Performance of the Functional Committee	<ol style="list-style-type: none"> <li>Evaluating the performance of the board of directors : <ol style="list-style-type: none"> <li>(1) Participation in the operation of the company</li> <li>(2) The quality of the board of directors' decision making</li> <li>(3) Composition and structure of the board of directors</li> <li>(4) Election and continuing education of the directors</li> <li>(5) Internal control</li> </ol> </li> <li>Evaluating the performance of the board members : <ol style="list-style-type: none"> <li>(1) Alignment of the goals and missions of the company</li> <li>(2) Awareness of the duties of a director</li> <li>(3) Participation in the operation of the company</li> <li>(4) Management of internal relationship and communication</li> <li>(5) The director's professionalism and continuing education</li> <li>(6) Internal control</li> </ol> </li> <li>Evaluating the performance of functional committees : <ol style="list-style-type: none"> <li>(1) Participation in the operation of the company</li> <li>(2) Awareness of the duties of the functional committee</li> <li>(3) The quality of decisions made by the functional committee</li> <li>(4) Makeup of the functional committee and election of its members</li> <li>(5) Internal control</li> </ol> </li> </ol>



### 3.4.2. Operation Status of the Audit Committee or the Participation of Supervisors in the Operation of the Board Meeting

#### (1) Operation Status Concerning the Audit Committee

The Audit Committee held 4 meetings (A) during 2023. The attendance of Independent Directors is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Convener	Hong, Ching-Shan	4	0	100%	
Member	Tsai, Duh-Kung	4	0	100%	
Member	Sun, Chin-Feng	4	0	100%	

Other matters required to be recorded:

- If the operation of audit committee has one of the following situations, the minutes shall clearly state the meeting date, period, content of the resolution, contents of independent directors' objections, reservations or major proposals, opinions of all audit committee members and the Company's handling of said opinions.
  - Matters specified in Article 14-5, Securities and Exchange Act: Please refer to Table 1
  - Resolution(s) not passed by the Audit Committee but receiving the consent of two thirds of the board of directors' members: None.
- In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the independent director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None.
- Communication between independent director and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication and results, etc.):
  - The Company's internal auditing officers will be present at each meeting of Audit Committee to communicate with the Audit Committee members, and communicate with the Audit Committee members on the audit report periodically. The officers will also report any special condition to the Audit Committee immediately. Notwithstanding, no said special condition took place in 2023. Communication between the Audit Committee and internal auditing officers is in a good condition.
  - The Company's CPAs will communicate with the Audit Committee on the audit or review results about the financial statement of each quarter and any other requirements to be communicated as required by related laws. The CPAs will also report any special condition to the Audit Committee immediately. Notwithstanding, no said special condition took place in 2023. Communication between the Audit Committee and CAP is in a good condition.

The Company's Audit Committee aims to help the Board of Directors perform its duty to supervise the Company's quality and integrity in accounting, audit and financial reporting procedures and financial controls.

The main responsibilities during 2023 by the Audit Committee refer to review and processing of the following matters:

- A. Audited Financial Statement.
- B. Effectiveness of internal audit plan and internal control system.
- C. The appointment, compensation and independence assessment of CPAs, etc.
- D. A material asset or derivatives transaction.
- E. Lending funds to subsidiaries.
- F. Distribution of Earnings.
- G. Application for credit facility with the financial institution.
- H. To communicate with the CPA of the Company.
- I. Control over the Company's existing or potential risks.

- Audited Financial Statement

The Board of Directors has worked out and submitted hereto the Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings of the Company for 2023 and that among them, the Financial Statements have been duly audited by Liang, Hua-Ling and Liao, Fu-Ming CPAs PricewaterhouseCoopers Taiwan as duly delegated by the Board of Directors which already issued the Audit Report.

The aforementioned Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings have been further duly audited by us, the Audit Committee, and we confirmed that all those documents prove satisfactory to the laws and ordinances concerned.

- Effectiveness of internal audit plan and internal control system.

The Audit Committee assessed the effectiveness of the policies and procedures of the Company's internal control system, and reviewed the regular reports of the Company's audit office, CPA and management. We confirmed that the Company's risk management and internal control systems were effective.

Table 1: Operation Status of This Year

Date of meeting	Details of agenda	Contents of Independent Directors' Objections, Reservations or Major Proposals	Resolution Results of the Audit Committee and the Company's Treatment of the Audit Committee's Opinions
6th meeting of the 2nd Audit Committee on Mar. 1, 2023	(1) To report of internal audit operation.	None.	Approved by all the attending committee members.
	(2) Discussion of the performance for engaging in derivatives transactions from Oct. 1, 2022 to Jan. 31, 2023.	None.	Approved by all the attending committee members.
	(3) Discussion of the 2022 business report, the consolidated and individual financial statements.	None.	Approved by all the attending committee members.
	(4) Discussion of the business operating plan of the Company for 2023.	None.	Approved by all the attending committee members.
	(5) Discussion of the proposed distribution of earnings of the Company for the 2022 fiscal year.	None.	Approved by all the attending committee members.
	(6) Discussion of the issuance of the Company's 2022 Statement on Internal Control System.	None.	Approved by all the attending committee members.
	(7) Discussion of the remuneration and independence assessment on the CPA.	None.	Approved by all the attending committee members.
	(8) Discussion of pre-approval of CPAs, their firms and firm-affiliated companies to provide non-assurance services to the Company and its subsidiaries.	None.	Approved by all the attending committee members.
	(9) Discussion of the Company to apply for credit facility with the financial institution.	None.	Approved by all the attending committee members.
	(10) Discussion of lending funds to subsidiaries.	None.	Approved by all the attending committee members.
	(11) Discussion of the Company's replacement of CPAs starting from 2023 Q1.	None.	Approved by all the attending committee members.
7th meeting of the 2nd Audit Committee on May 2, 2023	(1) Discussion of internal audit operation.	None.	Approved by all the attending committee members.
	(2) Discussion of the performance for engaging in derivatives transactions from Feb. 1, 2023 to Mar. 31, 2023.	None.	Approved by all the attending committee members.
	(3) Discussion of the Company's consolidated financial statements for 2023 Q1.	None.	Approved by all the attending committee members.
	(4) Discussion of lending funds to subsidiaries.	None.	Approved by all the attending committee members.
8th meeting of the 2nd Audit Committee on Aug. 2, 2023	(1) Discussion of internal audit operation.	None.	Approved by all the attending committee members.
	(2) Discussion of the performance for engaging in derivatives transactions from Apr. 1, 2023 to Jun. 30, 2023.	None.	Approved by all the attending committee members.
	(3) Discussion of the Company's consolidated financial statements for 2023 Q2.	None.	Approved by all the attending committee members.
	(4) Discussion of lending funds to subsidiaries.	None.	Approved by all the attending committee members.
9th meeting of the 2nd Audit Committee on Nov. 2, 2023	(1) To report of internal audit operation.	None.	Approved by all the attending committee members.
	(2) Discussion of the performance for engaging in derivatives transactions from July 1, 2023 to Sep. 30, 2023.	None.	Approved by all the attending committee members.
	(3) Discussion of the Company's consolidated financial statements for 2023 Q3.	None.	Approved by all the attending committee members.
	(4) Discussion of preparing the audit plan of the Company for 2024.	None.	Approved by all the attending committee members.
	(5) Discussion of the Company to apply for credit facility with the financial institution.	None.	Approved by all the attending committee members.
	(6) Discussion of lending funds to subsidiaries.	None.	Approved by all the attending committee members.

(2) Participation of Supervisors in the Operation of Board Meetings

Not be applicable.

The Company has established an Audit Committee on Jun. 7, 2018.

### 3.4.3. Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
1. Does the Company follow "the Corporate Governance Best Practice Principles" to establish and disclose its Corporate Governance Practice Principles?	✓		The Company established its "Corporate Governance Best Practice Principles" based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and subject to the Company's actual operations, and disclosed the same on the MOPS and the Company's website.	No difference
2. Equity structure and shareholders' rights				
(1) Does the Company establish internal procedures for suggestions, questions, disputes and litigation from shareholders?	✓		(1) The Company appoints the professional shareholders service agent to process the shareholders service affairs on behalf of the Company. The Company has set up the positions of spokesperson and Deputy Spokesperson and also designates personnel of the Financial Center to be in charge of the dealing with shareholders, their suggestions and disputes.	(1) No difference
(2) Does the Company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		(2) Within two days after the shareholders' meeting or the ex-right, ex-dividend days which stocks stopped to be transferred, the Company is able to obtain name list of the shareholders, through the stock affairs institution, from the Taiwan Depository and Clearing Corporation and have the information of major shareholders summarized to report to senior management of the Company.	(2) No difference
(3) Does the Company establish and implement the risk control mechanism and firewall between the Company and its affiliates?	✓		(3) Besides stipulating the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises" and the "Operating method for monitoring the subsidiaries", the Company also urges its important subsidiaries to establish their own internal control systems, in order to implement proper risk control mechanism and fire wall, and remains independent, in terms of manufacturing, sales, research and development, HR, and finance, with its related parties.	(3) No difference
(4) Whether the Company established internal regulations prohibiting insider trading against non-public information?	✓		(4) The Company has established the "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading" to regulate the Company's directors, managers, employees, and persons who access the Company's internal material information due to their identity, occupations or powers, prohibit any activities potentially involving insider trading, and engage in internal educational propagation throughout the Company in a timely manner.	(4) No difference
3. Composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors has formulated and implement the diversity policy and specific management objectives?	✓		(1) The Company has formulated the director diversity policy in the "Corporate Governance Best Practice Principles", and established specific management goals and implemented them in accordance with the policy. For the implementation, please refer to "Diversity and Independence of the Board of Directors" in this annual report. (page 15)	(1) No difference
(2) Does the Company establish other functional committees other than a remuneration committee or audit committee required by laws?	✓		(2) The Company has established the Remuneration Committee and Audit Committee pursuant to laws, and also set up the Sustainability Development Committee with 5 members in total, of which the Chairman of Board acts the Committee Chairperson, the President acts as the Committee Deputy Chairperson, and three Independent Directors act as members. The Committee is responsible for formulating and reviewing the Company's sustainable development policies, systems or related management guidelines, and reporting the annual Sustainable development implementation results and the next year's work plan to the Board of Directors each year.	(2) No difference

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(3) Does the Company establish standards and method for evaluating the performance of the Board of Directors, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(3) The Company's Board of Directors has approved the establishment of the "Regulations Governing the Board of Directors and Functional Committee Performance Evaluation" to perform the evaluation once every year and submit the evaluation result to the Board of Directors. The scope of evaluation includes the entire Board of Directors, individual Board members, and the functional committee (the Audit Committee and the Remuneration Committee); the evaluation method includes the internal self-evaluation of the Board of Directors, Board members, and the functional committee members (the Audit and the Remuneration Committees); as for the evaluation procedure, the Financial Center collects the activity information of the Board of Directors, individual Board members, and the Audit and the Remuneration Committees to perform the internal self-evaluation of the Board of Directors based on the evaluation indexes of the method and distribute the self-evaluation questionnaire to the individual Board members and the Audit and the Remuneration Committees after the end of the year. The Financial Center collects the questionnaire and records the evaluation results; the evaluation results will serve as the reference for the candidate selection and nomination. The Company has completed the performance evaluation of the Board of Directors and Functional Committee in 2023 and submitted the summarized report to the Board of Directors on Mar. 12, 2024. The evaluation results "surpassed the standard".	(3) No difference
(4) Does the Company regularly evaluate the independence of the certified public accountants?	✓		(4) The Audit Committee of the Company regularly conducts an assessment of the CPAs' independence and suitability every year, and submit the assessment results to the Board of Directors for resolution. The assessment mechanism as follows: A. Report Audit Quality Indicators (AQIs) to the Audit Committee in accordance with FSC guidelines. B. According to the "Checklist for Board of Directors' Assessment on Independence of CPAs and CPA Firms", it is confirmed that the CPAs and the Company have no other financial interests or business relationships except for the fees for certification and financial and tax cases. The assessment criteria as follows: (A) The CPAs do not serve as a director or independent director of the Company or the Company's affiliated companies. (B) The CPAs are not a shareholder of the Company or the Company's affiliated companies. (C) The CPAs are not paid in the Company or the Company's affiliated companies. (D) The CPAs have provided auditing services to the Company for less than 7 years. (E) The CPAs have confirmed that their affiliated accounting firms have complied with the relevant independence norms. (F) The co-practicing CPA of the joint accounting firm to which the CPA belongs have not served as a director, manager of the Company, or have a significant impact on the audit case within one year after resignation. C. Identified in the "Letter for Communication with Corporate Governance Unit" issued by PricewaterhouseCoopers: Statement of Chief Accountants' Roles and Responsibilities, and Statement of CPA's Independence. Comprehensive assessment results: The independence between the CPAs and the Company comply with Certified Public Accountant Act of the R.O.C., the Norm of Professional Ethics for CPA, and other relevant regulations. The latest assessment was approved by the Audit Committee on Mar. 12, 2024, and submitted to the Board of Directors for approval on Mar. 12, 2024.	(4) No difference
4. Does the Company have a suitable number of competent corporate governance personnel and has appointed a corporate governance supervisor responsible for corporate	✓		The Company's unit dedicated to corporate governance refers to the Financial Center, which is responsible for corporate governance-related matters. The Board of Directors approved the appointment of Chen, Hsueh-Yi, the Financial Center Vice President, as the corporate governance officer on March 3, 2021. In addition to assisting in providing information required by directors to perform their duties, which main responsibilities also is responsible for assisting directors to follow laws and regulations, taking office and continuing education, handle matters related to	No difference

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
governance matters (including but not limited to furnish information required for business execution by directors and supervisors, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings according to laws, produce minutes of board meetings and shareholders' meetings, etc.)?			<p>the change of directors, report to the Board of Directors whether the qualifications of Independent Directors during nomination, election and tenure meet the relevant regulations, collecting the related motions proposed at directors' meetings and shareholders' meetings, and organization of the meetings, preparation of board meeting and shareholders' meeting minutes, and completion of company registration and change registration and public announcement and filing of information in line with the resolutions made by the directors' meetings and shareholders' meetings, in order to enhance the functions of the Board of Directors, upgrade the Company's information transparency, and protect shareholders' and stakeholders' interest and right.</p> <p>The corporate governance implementation of the Company in 2023 was as follows:</p> <ol style="list-style-type: none"> <li>(1) Propose and plan methods related to corporate governance and implement the compliance of laws and regulations.</li> <li>(2) Provide required information for directors to execute their business and assist them in legal compliance.</li> <li>(3) Inform the directors about the planning of the Board of Directors with sufficient meeting information at least 7 days prior to the meeting and give notice in advance for issues requiring avoidance of interest-conflicting; deliver the meeting minutes within 20 days after the meeting.</li> <li>(4) Register the date of the Shareholders Meeting in advance based on the laws, produce the meeting notice, Meeting Agenda Handbook and minutes within the statutory deadline and conduct amendment registration after amending the Company's Articles of Incorporation.</li> <li>(5) Assist the directors to complete the annual continuing education and maintain liability insurance for the directors and important employees.</li> </ol> <p>The corporate governance officer of the Company has completed 12 hours refresher courses in accordance with the law in 2023.</p>	
5. Does the Company establish communication channels and build a designated section on its websites for stakeholders (including but not limited to stakeholders, employees, customers, and suppliers), and properly response to stakeholders' concerns of corporate social responsibility?	✓		<ol style="list-style-type: none"> <li>(1) The Company appoints the spokesman and deputy spokesman, and, posts the contact No. on the Company's website, in order to communicate with the stakeholders directly and enable them to verify the Company's overview of operation.</li> <li>(2) The Company has established sustainable development and corporate governance sections in the website for the stakeholders to understand the implementation of the Company's sustainable development and corporate governance. The Company also has a communication channel for the stakeholders to understand the concerned issues of the stakeholders and respond properly. The Company reports to the Board of Directors about the implementation of sustainable development promotion and the communication with the stakeholders every year.</li> </ol> <p>The implementation of sustainable development promotion and communication with the stakeholders in 2023 were submitted to the Board of Directors on Nov. 2, 2023.</p>	No difference
6. Dose the Company appointed a professional shareholder service agency for its Shareholders' Meetings?	✓		<p>The Company appoints Shareholders Service Dept. of Hua Nan Securities to handle the shareholders service affairs on behalf of the Company.</p> <p>Promotion of Sustainable Development</p>	No difference
7. Information disclosure (1) Dose the Company establish a corporate website to disclose information concerning financial affairs and corporate governance?	✓		<ol style="list-style-type: none"> <li>(1) The Company established a website in Chinese and English (<a href="https://www.chiconypower.com">https://www.chiconypower.com</a>) where relevant information on financial operations business and corporate governance can be inquired.</li> </ol>	(1) No difference

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(2) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing personnel to gather and disclose information, properly implementing the spokesman system, and posting the meetings minutes with institutional investors on websites)?	✓		(2) The Company has set up positions for Spokesperson and Deputy Spokesperson, and through market observation post system, investor conference, newspapers and magazines to disclose the financial and business information of the Company to the investing public.	(2) No difference
(3) Does the Company announce and report annual financial statements within two months after the end of the each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(3) The Company has publicly announced and filed the annual financial report, quarterly financial report and the operation status of each month according to relevant regulations: A. Within three months after the close of each fiscal year, the Company publicly announces and files the information of the annual financial report. B. Within 45 days after the end of the first, second, and third quarters of each fiscal year, the Company publicly announces and files the information of the quarterly financial report. C. The Company publicly announces and files the operating revenue of last month within the first 10 days of each month.	(3) No difference
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors, implementation of risk management policies and risk measurements, implementation of customer policy, and maintenance of liability insurance for the Company's directors and supervisors, etc.)?	✓		(1) Employee rights: The Company establishes and implements the labor benefit and safety & health policies which satisfy the laws, in order to protect the employee rights. (2) Employee care: The Company establishes the Employee Welfare Committee, which is dedicated to handling the employee welfare matters, and holding the labor-management meetings from time to time, in order to build the communication channel and achieve the win-win situation. (3) Investor relations: The Company establishes the spokesman and deputy spokesman system dedicated to processing the suggestions, questions and dispute posed by shareholders. Meanwhile, the Company completes the public announcement and filing of information per the competent authority's requirements, and provides the information which might affect the investors' decision making. (4) Supplier relations: The Company maintains the complete information about suppliers and keeps the communication channel with suppliers uninterrupted, in order to maintain the fair relations. (5) Stakeholders' interests: The Company establishes the spokesman and deputy spokesman system, which is dedicated to communicating with the stakeholders directly, and respects and maintains the legal interest and right deserved by the stakeholders. (6) Circumstances of directors' training: 1. Please refer to Table 1 Circumstances of Directors' Training. 2. Disclosed in the Corporate Governance Area of MOPS. (7) Implementation of risk management policies and risk measurements: 1. According to various laws & regulations and internal control systems, the Company has formulated "Risk Management Policies and Procedures" to conduct various risk management and evaluation. 2. In accordance with various laws & regulations and internal control systems, the Company has formulated "Risk Management Policies and Procedures", and the Audit Committee supervises and conducts various risk management and assessments and reports to the Board of Directors. 3. The implementation of risk management policies and procedures in 2023 were submitted to the Board of Directors on Nov. 2, 2023. (8) Implementation of customer policy: The Company keeps the communication channel with customers uninterrupted, and cooperates with the key customers permanently, in order to maintain the fair relationship between each other. (9) Maintenance of liability insurance for the Company's directors: The Company	No difference

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			has maintained the liability insurance valuing US\$20 million for its directors and managers, and reported the same to the Board of Directors on Aug. 2, 2023.	
9. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies: <ol style="list-style-type: none"> <li>1. The Board of Directors has approved the establishment of "Risk Management Policy and Procedure", and the Audit Committee supervises and conducts various risk management and assessments and reports to the Board of Directors.</li> <li>2. The Board of Directors of the Company has established the Sustainability Development Committee, and more than half of the members are independent directors. The Board of Directors supervises the Company's sustainability management, strategies, and goals as well as implementation.</li> <li>3. The Company has formulated "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises".</li> </ol>				

Table 1. Circumstances of Directors' Training

Title	Name	Date	Host by	Course Name	Duration
Chairman	Lu, Chin-Chung	2023/03/15	CLEVO CO.	Macroeconomic Trends and Financial Situation of the Age of Uncertainty in 2023.	1
		2023/08/11	Corporate Operating and Sustainable Development Association	Discuss the Business Strategies of Taiwanese Businesses Based on the Global Political and Economic Situation, and also Discuss the Regulations on Insider Trading.	3
		2023/10/31	Taiwan Corporation Governance Association	Practical Analysis of "Sustainability Report" under the Corporate Governance 3.0	6
Director	Huang, Yueh-Chao	2023/11/03	Taiwan Corporation Governance Association	New Version of the Corporate Governance Roadmap and ESG	6
Director	Tseng, Kuo-Hua	2023/11/03	Taiwan Corporation Governance Association	New Version of the Corporate Governance Roadmap and ESG	6
Director	Lee, Tse-Ching	2023/10/31	Taiwan Corporation Governance Association	Practical Analysis of "Sustainability Report" under the Corporate Governance 3.0	6
Independent Director	Tsai, Duh-Kung	2023/11/03	Taiwan Corporation Governance Association	New Version of the Corporate Governance Roadmap and ESG	6
Independent Director	Hong, Ching-Shan	2023/03/16	Institute of Financial Law and Crime Prevention	Anti-Money Laundering and Counter-Financing of Terrorism Practices and The Propaganda of Directors' legal obligations and responsibilities.	3
		2023/04/07	The National Federation of CPA Associations of the R.O.C.	Greenhouse Gases - Assurance of Inventory Statement	3
		2023/05/18	Taiwan Securities Association	Financial Consumer Protection Act and Fair Hospitality	3
		2023/07/13	Taiwan Securities Association	Net Zero Emissions and Corporate Governance	3
		2023/08/07	The National Federation of CPA Associations of the R.O.C.	IFRS2 Share-based Payment and Important Issues in IFRS9, IFRS15 and IFRS16	3
		2023/09/04	The National Federation of CPA Associations of the R.O.C.	Accounting Treatment Under Climate Change	3
		2023/09/07	Taiwan Securities Association	The Assistance and Impact of Emerging Cybersecurity Technology on FinTech digital innovation.	3
Independent Director	Sun, Chin-Feng	2023/04/27	Taiwan Stock Exchange Corporation	Sustainable Development Action Plans for TWSE and TPEX Listed Companies	3
		2023/07/14	Chinese National Association of Industry and Commerce	Practical litigation of Trade Secrets. Non-compete Clause and Cases.	3
		2023/07/31	Chinese National Association of Industry and Commerce	Trends in Fintech Innovative Applications.	3



### 3.4.4. Organization, Responsibilities and Operation Status of the Remuneration Committee

#### (1) Information about Remuneration Committee Members

Title	Qualifications Name	Professional Qualification and	Compliance of Independence	Number of Other Public Companies in which Concurrently Serves as Remuneration Committee Member
Convener Independent Director	Sun, Chin-Feng	Please refer to page 14 of this annual report, Disclosure of Professional Qualifications and Experience of Directors and Compliance of independence of Independent Directors.		3
Independent Director	Tsai, Duh-Kung			0
Independent Director	Hong, Ching-Shan			2

#### (2) Guidelines Governing Functions of Remuneration Committee

- A. The committee shall exercise the due care of a good administrator to faithfully perform the following duties, and to submit the suggestion for discussion to the Board of Directors.
  - (A) Periodically review the organization rules of “Remuneration Committee” of the Company and propose amendments.
  - (B) Set up and periodically review the yearly and long-term performance goal of the Directors and managers of the Company, and the policy, system, standard and structure of the remuneration.
  - (C) Periodically review the performance of the Directors and managers and the goals achieved, and set up content and amounts of the individual remuneration.
- B. When the committee exercises the above duties, it shall follow the guidelines as per below:
  - (A) Ensure the arrangement of the remuneration meets the requirement of relevant laws and regulations and is good enough to attract the best talent.
  - (B) The performance evaluation and remuneration of the Directors and managers shall refer to the ordinary level paid by peers of the same Industry, and taking into consideration factors such as the time devoted by the specific individual, the responsibility assumed, the goal achieved by the individual, the performance of the individual when assuming other position, the remuneration the Company paid to the same position in recent years, as well as the short term and long term business goal achieved by the Company, the financial position of the Company. All these shall be considered when evaluating the reasonableness and correlation of the individual’s performance, the Company’s performance, and the future risk.
  - (C) Directors and managers shall not to engage in behavior beyond the risk tolerance level of the Company for the purpose of pursuing remuneration.
  - (D) With respect to the time to distribute bonus in proportion with the short-term performance of Director and senior managers, or remuneration that is partially variable, the Company shall consider the characteristic of the Industry and the business nature to decide the proper time to pay.
  - (E) Members of the Committee shall not join the discussion and resolution of their own remuneration.

(3) Information Concerning the Remuneration Committee

A. The Company's Remuneration Committee consists of 3 members.

B. Member's term of office:

From Aug. 25, 2021 to Aug. 24, 2024; the committee held 2 (A) meetings during 2023 and the attendance of the committee members is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Convener	Sun, Chin-Feng	2	0	100%	
Member	Tsai, Duh-Kung	2	0	100%	
Member	Hong, Ching-Shan	2	0	100%	
Other matters required to be recorded:					
1. If the Board of Directors does not adopt, or amends the remuneration committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the remuneration committee's opinions: Please refer to Table 1.					
2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, and opinions of all members and the Company's handling of said opinions: None.					

Table 1:

Date of Meeting	Details of Agenda	Opinions of All Remuneration Committee Members	Dealing with the Opinion from the Remuneration Committee
4th meeting of the 4th Remuneration Committee on Mar. 1 2023	(1) Discussion of the distribution of the Company's 2022 remuneration to employees and directors.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
5th meeting of the 4th Remuneration Committee on Nov. 2 2023	(1) Discussion of personnel changes at assistant VP level or above in the Company.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of the plan for distribution of year-end bonus to managers in 2023.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the plan for distribution of employee remuneration to managers in 2023.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(4) Discussion of the target performance of directors and managers achieved, and evaluation on the actually distributed salary and remuneration in 2022.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.

3.4.5. Organization, Responsibilities and Operation Status of the Nomination Committee:

The Company does not establish Nomination Committee.

### 3.4.6. Organization, Responsibilities and Operation Status of the Sustainability Development Committee:

#### (1) Composition of the Sustainability Development Committee

A. The Company's Sustainability Development Committee consists of 5 members.

B. Member's term of office:

From Aug. 25, 2021 to Aug. 24, 2024, the committee held 1 meetings during 2023. The main expertise and attendance of the committee members is summarized as follows:

Title	Name	Main Expertise	Attendance in Person	Attendance Rate in Person
Minister	Lu, Chin-Chung	Corporate Governance, Management Administration, Industrial Knowledge, Crisis Management	1	100%
Deputy Minister	Tseng, Kuo-Hua	Corporate Governance, Management Administration, Industrial Knowledge, Crisis Management	1	100%
Member (Independent Director)	Tsai, Duh-Kung	Corporate Governance, Management Administration, Industrial Knowledge, Crisis Management	1	100%
Member (Independent Director)	Hong, Ching-Shan	Corporate Governance, Finance and Audit	1	100%
Member (Independent Director)	Sun, Chin-Feng	Corporate Governance, Finance, Securities Finance	1	100%

#### (2) Guidelines Governing Functions of Sustainability Development Committee

A. Formulate corporate social responsibility, environmental protection and climate change issues, sustainable development direction and goals, as well as formulate relevant management policies and specific promotion plans.

B. Propagate and implement the Company's ethical and risk management.

C. Review of the Sustainability Report.

D. Regularly report to the Board of Directors on the implementation results of sustainable development.

E. Other matters resolved by the Board of Directors to be handled by the Committee.

#### (3) Operation Status Concerning the Sustainability Development Committee

Operation Status of This Year:

Date of Meeting	Details of Agenda	Resolution Results of the Committee	The Company's Treatment of the Committee's Opinions
4th meeting of the 1st Sustainability Development Committee On Nov. 2 2023	(1) Report on the implementation of the Company's "Sustainable Development", "ethical management", "communication with stakeholders" and "risk management policies and procedures".	NA	NA
	(2) Report on the Company's 2022 Sustainability Report editing results and the 2023 Sustainability Report compilation plan.	NA	NA
	(3) Report on the Company's GHG inventory and assurance schedule planning.	NA	NA
	(4) Discussion of the start of key tasks of corporate sustainable development in 2024.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.

### 3.4.7. (1) The State of the Company's Promotion of Sustainable Development

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>The Company has established the “The Sustainability Development Committee” in 2021, appointed the Chairman as the Committee Chairperson, the President as the Committee Deputy Chairperson, and three Independent Directors as members. There is an Executive Secretary under the Committee, who is held by the department head of the Administrative Management.</p> <p>The Committee is responsible for formulating and reviewing the Company's sustainable development policies, systems, or related management guidelines, and regularly reports to the Board of Directors on the implementation results of sustainable development in the current year and the work plan for the next year. The Board of Directors supervises the Company's sustainability management, strategies, and goals as well as implementation.</p> <p>In 2023, The Company focused primarily on climate change response strategy (including GHG inventory and assurance, SBT setting, introduction of energy saving and carbon reduction measures, renewable energy and carbon footprint management, etc.), compile and disclosure sustainability report as well as corporate governance evaluation, etc.</p> <p>The implementation in 2023 were submitted to the Board of Directors on Nov. 2, 2023.</p>	No difference
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>The Company has established "Risk Management Policies and Procedures" approved by the Board of Directors. The President coordinates the promotion and operation of the risk management plan. The authority departments are responsible for promoting the risk management of each subordinate business and regularly assess the risks once a year and reports the operation to the Board of Directors.</p> <p>The Company has established "Risk Management Policies and Procedures" approved by the Board of Directors. The President coordinates the promotion and operation of the risk management plan. The authority departments are responsible for promoting the risk management of each subordinate business. The Audit Committee regularly supervises various risk management and assessments and reports to the Board of Directors once a year.</p> <p>The Company evaluate risk related to important issues according to ESG Report materiality principle. Also the Company set relevant risk management policy according to risk evaluated as follow:</p>	

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons														
	Yes	No	Summary															
			<table><tr><th>Important Issues</th><th>Issues in Risk Assessment</th><th>Risk Management Policy</th></tr><tr><td>Environment</td><td>Environmental Protection</td><td>The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets. The head office, and factories in China have also obtained ISO 14001 environmental management system certification.</td></tr><tr><td rowspan="2">Society</td><td>Occupational Safety</td><td>The head office and each factory have obtained ISO 45001 Occupational Health and Safety Management System Certification. The Company implemented various occupational safety tour inspection operations, and organized the fire safety training and drill each year to train employees' ability to respond to emergencies and manage their own safety.</td></tr><tr><td>Product Safety</td><td>The Company's products complied with the government's decrees and regulations and also satisfied the RoHS. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.</td></tr><tr><td>Corporate Governance</td><td>Legal Compliance and Internal Control</td><td>The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company's personnel and operations strictly comply with various laws and regulations.</td></tr></table>	Important Issues	Issues in Risk Assessment	Risk Management Policy	Environment	Environmental Protection	The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets. The head office, and factories in China have also obtained ISO 14001 environmental management system certification.	Society	Occupational Safety	The head office and each factory have obtained ISO 45001 Occupational Health and Safety Management System Certification. The Company implemented various occupational safety tour inspection operations, and organized the fire safety training and drill each year to train employees' ability to respond to emergencies and manage their own safety.	Product Safety	The Company's products complied with the government's decrees and regulations and also satisfied the RoHS. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.	Corporate Governance	Legal Compliance and Internal Control	The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company's personnel and operations strictly comply with various laws and regulations.	No difference
Important Issues	Issues in Risk Assessment	Risk Management Policy																
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Corporate Governance	Legal Compliance and Internal Control	The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company's personnel and operations strictly comply with various laws and regulations.																
3. Environment Issues (1) Has the Company set an environmental management system designed to industry characteristics?  (2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓  ✓		<p>(1)The Company establishes the applicable environmental management system subject to the industry characteristics. Each of its factories has acquired the ISO 14001 environmental management license and ISO 45001 occupational safety and health management license, and practices the ISO environmental management regulations strictly. The validity expiry date of ISO 45001 certifications are as follows:</p> <table><tr><td>Taipei Headquarters</td><td>Dongguan Factory</td><td>Suzhou Factory</td><td>Chongqing Factory</td><td>Thailand Factory</td></tr><tr><td>2024/10/19</td><td>2026/3/15</td><td>2026/9/3</td><td>2025/7/21</td><td>2024/9/6</td></tr></table> <p>(2)The Company commits itself to upgrading the efficient use of various resources and adopts the renewable materials posing low impact to the environment, including solar power generation, recycling of production line energy and classification and recycling of waste. The recyclable kitchen waste may be disposed of by professional service suppliers who hold the relevant license, while the other domestic waste may be disposed of by the local government's environmental protection unit. By way of this, the Company expects to increase the efficient use of all resources and gradually reduce the burden the environment suffers.</p>	Taipei Headquarters	Dongguan Factory	Suzhou Factory	Chongqing Factory	Thailand Factory	2024/10/19	2026/3/15	2026/9/3	2025/7/21	2024/9/6	(1)No difference  (2)No difference				
Taipei Headquarters	Dongguan Factory	Suzhou Factory	Chongqing Factory	Thailand Factory														
2024/10/19	2026/3/15	2026/9/3	2025/7/21	2024/9/6														

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		<p>(3) The potential risks of climate change in which the Company encounters are mainly in the environmental and operational aspects, such as the lack of recourses, increase in raw material costs, instability of transportation requirement, and the threat to the safety of employees due to extreme weather. All of these may result in the direct/indirect impact on the business operation of the Company. In response to the impact posed by the emission of greenhouse gas to the global climate change and environment, the Company establishes the greenhouse gas management procedure and sets the greenhouse gas reduction target to keep improving the reduction of greenhouse gas emission and the management, recycling and reuse of the waste. Meanwhile, the Company checks the greenhouse gas emission and performs the verification by a third party each year.</p> <p>The Company has implemented the TCFD (Task Force on Climate-related Financial Disclosures) project to assess the potential risk and opportunity posed by the climate transformation to the Company now and in the future, and disclosed the risk and opportunity in the Sustainability Report. Further, the Company has installed devices such as heat recovery in the burn-in room and smart air-conditioning controllers in the factory. In addition, a large number of solar power systems have been installed on the roofs of Suzhou factory buildings, warehouses and dormitories, and have also been installed in Chongqing and Thailand factories in 2023. It is expected to roll out the solar power generation system to the Dongguan factory in 2024.</p> <p>The identification results and countermeasures for the Company's material climate change risks and opportunities identified in TCFD please refer to the "04 Environmental Protection" chapter of the Company's Sustainability Report.</p>	(3) No difference
(4) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		<p>(4) To fulfill the responsibility as a global citizen and the corporate social responsibility, the Company gathers statistics of the greenhouse gas emission, water consumption and the gross weight of the waste every year and establishes policies and targets to save energy and reduce carbon, greenhouse gas emission and water consumption. The Company continues to promote the environment management affairs, including the enhancement of environment management by promotions, education training, energy saving measures, audits, and follow-up on improvements made. The Company asks all colleagues to save energy and reduce carbon, including water, electricity and paper consumption, in order to avoid any unnecessary waste, and also include the results of energy saving and carbon reduction into the semi-annual performance evaluation indicators.</p> <p>The Company conducts an annual greenhouse gas inventory, which has been verified by an external third-party verification body.</p> <p>In 2023, the Company's greenhouse gas emissions in scope 1&amp;2 totaled 33,008.96 t-co2e, a decrease of 15.20% from 38,925.48 t-co2e in 2022; scope 3 totaled 19,019,297.53 t-co2e, a decrease of 17.85% from 23,152,176.84 t-co2e in 2022.</p> <p>In 2024, the Company will continue to promote various energy-saving and carbon-reducing equipment and management measures, and install timers on high-power-consuming equipment. The greenhouse gas emission goal is to reduce by 4.2% compared with the previous year.</p> <p>In 2023, the water consumption is 591,135.42 tons, a decrease of 10.06% compared with the total water consumption in 2022 of 657,267.12 tons.</p> <p>In 2024, the Company will continue to promote water conservation, and the total water consumption goal is to reduce by 3% compared with the previous year.</p> <p>In 2023, the total amount of waste is 3,745.805 tons, an increase of 10.12% compared to the total weight of waste in 2022 of 3,401.56</p>	(4) No difference

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			tons. In 2024, all factories in China will carry out UL 2799 zero waste to landfill certification, continue to strengthen waste management and promote waste reduction, and the total weight of waste goal is to be reduced by 3% compared with the previous year.	
4. Social Issues				
(1)Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1)The Company complies with the connotation of human rights protection revealed in various International Bill of Human Rights such as 《Universal Declaration of Human Rights》, 《UN Human Rights Norms For Business》, 《UN Global Compact》, 《UN International Labour Organization》, 《Electronic Industry Code of Conduct》, etc., and Employment Service Act. Formulate the Company's human rights policy in accordance with the above-mentioned act, clearly stating that prohibition of child labor and any illegal discrimination, including race, gender, religion, skin color, nationality, age, political affiliation, sexual orientation, pregnancy status, disability status, social background, etc. Fully comply with relevant labor laws and regulations to ensure the employees' legitimate rights and interests in terms of salaries, benefits, health and safety are well protected. In accordance with the requirements of the RBA (Responsible Business Alliance), we will promote various sustainable development operations and continue to improve.	(1)No difference
(2)Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		(2)The Company establishes employee welfare measures in accordance with the Labor Standards Act and relevant regulations and provides competitive salaries. In addition, various bonuses and remuneration are paid to employees according to operating results of the Company, department target and personal performance to share the earnings with the employees. According to Article 24 of the Company's Articles of Incorporation, the Company current pre-tax benefits before deducting employee remuneration and director's remuneration of the Company in the year, a minimum sum 10% shall be appropriated as remuneration to the employees and appropriate 1% maximum as remuneration to directors.	(2)No difference
(3)Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(3)To ensure a safe and healthy working environment for employees, the Company has passed the certification of ISO 45001 the Occupational Safety and Health Management System. On a yearly basis, the Company engages qualified testing institution, to perform hazardous factors test on the indoor working environment and hold training on fire control and first aid for at least once every six month to strengthen employees' safety awareness.	(3)No difference
(4)Has the Company established effective career development training programs for employees?	✓		(4)The Company constructs the educational training system based on the core competence required by its operations, including leadership management training, professional technology training and various seminars, and sets the annual educational plan each year and organizes the educational training programs for employees periodically to train the employees' ability.	(4)No difference

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		(5) All the Company's products pass the international safety certification to protect consumers' safety, and the international standard certification, e.g., ISO 9001. The Company also practices the certification strictly to ensure that its products satisfy international standards. The Company pays attention to the opinion of the customer by providing product communication contact person and email address on the Company website in addition to the business contacts. Also, the Company establishes the “Stakeholder” section as a channel for customer inquiry, suggestions, and complaints. By upholding the principle of good faith, the Company manages and gives feedbacks to the customer properly to protect the right of the customer.	(5) No difference
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		(6) Prior to engaging in commercial dealings with the supplier, the Company will evaluate whether the suppliers impact on the environmental protection, occupational safety and health, or labor rights in the past, fill out the supplier's social and environmental responsibility questionnaire and conduct the audit and counseling on the supplier pursuant to RBA. The audit is to enhance the implementation of suppliers' social responsibility. Currently all major suppliers of the materials have completed the investigation and evaluation of the supplier's social and environmental responsibility questionnaire. Currently, the orders of the Company and the supplier both require the supplier to comply with the RBA requirements concerning issues of the environmental protection, occupational safety and health or labor rights. The Company also audits the social responsibility norms of the main suppliers. Supplier management policy: Establish a supply chain that values social responsibility, environmental protection, labor rights, safety, health and sustainable development. Supplier assessment and audit: In order to be in line with international standards, suppliers are required to comply with the "RBA Code of Conduct", including labor rights, safety and health, environmental protection, integrity and ethics, and management systems. Formulate the "Supplier Audit Management Regulation", and conduct annual RBA standard audits of major suppliers. Suppliers whose scores are not up to the standard (70/100) will be provided with supplier RBA standard guidance. In 2023, a total of 50 suppliers undergoing RBA standard audits, and all suppliers have reached the audit scoring standards.	(6) No difference
5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?	✓		The Company prepares Chicony Power Technology Sustainability Report with reference to the "ESG Sustainability Reporting Standards" issued by Global Reporting Initiative (GRI). Bureau Veritas Taiwan is entrusted by the Company to perform verification. Chicony Power Technology Sustainability Report and verification statement are disclosed on the Company's website and MOPS.	No difference
6. If the Company has adopted its own sustainable development best practice principles based on the “ Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies “, please describe any deviation from the principles in the Company's operations: The Company has established the “Sustainable Development Best Practice Principles” to promote the implementation of each sustainable development. The actual implementation status is consistent with the principles of the Company.				



Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
7. Other important information to facilitate better understanding of the Company’s promotion of sustainable development: (1)The Company's website provides the “Sustainable Development” section dedicated to disclosing the information about the Company's sustainable development policies and reports. Website: <a href="https://www.chiconypower.com/">https://www.chiconypower.com/</a> . (2)Participate in Public welfare activities in 2023: A. Carry out an industry-academy cooperation project with National Taipei University of Technology, with a total annual funding of NT\$5,000,000 to jointly develop R&D technical strength, cultivate industry-academy R&D talents, and enhance the Company's product development capabilities. B. Donated NT\$1,200,000 to the National Taipei University of Technology to provide Chicony R&D Rookie Award scholarships to cultivate Taiwanese high-tech talents. C. The Company offers the internship opportunity each year. In 2023, it provided 10 trainees from the Department of Electrical Engineering of National Taipei University of Technology, 3 trainees from the Department of Intelligent Automation Engineering of five-year junior college, and 3 trainees from the Department of Business Administration, National Cheng-chi University, for a total of 16 persons, in order to enable students to understand the working practices in advance, mitigate the skills and educational mismatch, and benefit their career development. D. Conduct master's degree program in the power electronics industry with outstanding universities and fully subsidize tuition fees. In 2023, 4 students from National Taipei University of Technology and 2 students from National Cheng Kung University have been provided, a total of 6 students. E. The "Charitable Blood Donation Activity" was carried out in March. The total number of blood donation was 226 bags. The Company also ordered Star Wish Rice from the Taiwan Autism Family Care Association's Handmade Shop and the nougat cracker from San Love Social Welfare Association's Workshop and distributed them to the blood donors. The "Charitable Blood Donation Activity" was carried out in September. The total number of blood donation was 231 bags. The Company ordered the charity meal bags from the TriBake Roomy Sheltered Workshop to distribute them to the blood donors. F. The Company retained 2 visually impaired workers to provide massage service for the Company’s staff each week, in order to improve the staff’s physical and mental health and also provide the visually impaired workers with job opportunities. G. Integrate the group's internal resources and participate in a number of public welfare donations and activities in the name of the Qunhuai Society, such as donations for Tzih Huai Social Welfare Foundation for student aid, fundraisers for Taipei Orphah Welfare Foundation, donations for LOVE ORPHAN, Mennonite Social Welfare Foundation Eastern Elderly Care donations and other public welfare donations, totaling NT\$964,513. H. Invite social welfare groups, Ciyu Sheltered Workshop and Sha Love Social Welfare Association to set up charity stalls in the lobby on the first floor of Chicony Building every month to support disadvantaged groups with practical actions.				

#### 3.4.7. (2) Implementation of Climate-related Information

Items	Implementation States
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Company has established “The Sustainability Development Committee” under the Board of Directors, and a “Corporate Sustainability Working Group” under the Committee. The Committee regularly reports to the Board of Directors on the work promotion plan and implementation results every year. The Board of Directors supervises the Company's sustainability management, strategies, and goals as well as implementation. The Board of Directors will review the contents of the report and urge adjustments when necessary.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	In the short and medium term, changes in customer behavior in response to policies and regulations (including energy efficiency standards and requirements for environmentally friendly materials, etc.) may increase operating costs, and also prompt R&D departments and factories to continue to simplify and rationalize products' manufacturing processes. In the long term, in response to drastic changes in weather patterns, the Company also conducts long-term future flood analysis through the Water Risk Atlas - Riverine flood risk, and continues to focus on investing in disaster prevention and emergency response measures to avoid future impact on factory operations.

Items	Implementation States
3. Describe the financial impact of extreme weather events and transformative actions.	The Company's operations may be interrupted and reduce revenue caused by extreme weather events. In addition to communicating with government and request to be listed as priority areas for electricity and water supply, the Company has established various emergency response measures and regular maintenance. Transformation actions may increase operating costs due to increased raw materials and R&D expenses. Therefore, the Company continue to pay attention to international regulations and increase investment in research and development of energy-efficient products to ensure that the Company meet the expectations of stakeholders.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Through the discussion by the inter-departmental Climate Change Working Group, the Company identifies major risks and opportunities based on impact possibilities and impact degrees, as well as assesses the impact of each climate risk and opportunity on the Company's operations, strategies, and financial planning. The results of the assessment are submitted to the Sustainability Development Committee every year for relevant committee members and teams formulate management approaches, which are then submitted to the Board of Directors.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has analyzed and grasped the impacts of possible carbon reductions and the measures taken to achieve the reduction in 2030 based on the SBT (Science Based Targets) Scope 1 and 2 GHG 1.5°C reduction target scenario, including measures introduction of each energy saving and carbon reduction, installation of solar power generation system and purchase of renewable energy certificates.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company follows the framework and important principles of TCFD (Task Force on Climate-related Financial Disclosures) to demonstrate the impact of climate issues and operational impacts. In addition to identifying climate risks and opportunities through the climate risk matrix, the Company plans to use quantitative analysis and scenarios simulation as an information reference for the Company's transformation plan to strengthen the Company's ability to manage climate issues.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not planned internal carbon pricing as a measurement tool, but continues to improve product energy efficiency and compliance with hazardous substance regulations through green product design, and increase the use of renewable and recyclable materials, so that the Company's products can be oriented towards moving forward in the direction of sustainable management.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>The Company has joined the SBTi (Science Based Targets initiative) and formulated GHG reduction goals for the next ten years:</p> <p>(1) Scope 1 &amp; 2: Taking 2020 as the base year, it is expected that the GHG reduction target in 2030 will achieve the temperature increase within 1.5°C, and by 2030, emission will be reduced by 42%, and per million revenue's emissions intensity will be reduced by 56.8%.</p> <p>(2) Scope 3: Based on the absolute reduction of well below 2°C (WB2C) target, by 2030, the emissions will be reduced by 25%, and per million revenue's emissions will be reduced by 44.19%.</p> <p>In 2023, the Company has promoted the introduction of various energy-saving and carbon-reduction equipment in each factory, and installed the solar power generation system in Chongqing and Thailand factories, as well as purchased the renewable energy certificate totaling 33,347 MWh (Dongguan factory 6,200 MWh, Suzhou factory 24,830 MWh, Chongqing factory 2,317 MWh), etc. In 2024, solar power generation systems will be installed in Dongguan factory.</p>

Items	Implementation States
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan. (Separately fill out in point 1-1 below).	<p>The Company follows ISO 14061-1: 2018 standards to conduct GHG emissions inventory, by which the Company can grasp the head office and each factory's emission status through the inventory process and results, and propose feasible solutions for GHG reduction.</p> <p>In addition, in order to enhance the information and reports credibility of GHG inventory and to improve the quality of GHG inventory, an impartial third-party inspection agency is appointed to perform external verification by set standards after the internal verification is completed, through which complete inventory procedures can be established and the data quality can be improved.</p>

#### 1-1. The Company's GHG Inventory and Assurance Status for the Most Recent 2 Fiscal Years

##### 1-1-1. Greenhouse Gas Inventory Information

(Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years)

In 2023, the Company's greenhouse gas emissions in scope 1&2 totaled 33,008.96 t-co<sub>2</sub>e, with an intensity of 0.91; in 2022, there were totaled 38,925.48 t-co<sub>2</sub>e, with an intensity of 0.95; greenhouse gas emissions were reduced by 15.20%, and the intensity was reduced by 4.21%.

In 2023, scope 3 totaled 19,019,297.53 t-co<sub>2</sub>e, with an intensity of 523.78; in 2022, there were totaled 23,152,176.84 t-co<sub>2</sub>e, with an intensity of 563.78; greenhouse gas emissions were reduced by of 17.85%, and the intensity was reduced by 7.10%.

The data coverage includes the head office, Dongguan factory, Suzhou factory and Chongqing factory.

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from the Company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

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

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

##### 1-1-2. Greenhouse Gas Assurance Information

(Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion)

The head office, Dongguan Factory, Suzhou Factory and Chongqing Factory obtain third party assurance each year. The assurance institution, assurance standards and assurance opinions are as follows:

Item	Head Office		Dongguan Factory		Suzhou Factory		Chongqing Factory	
Year	2022	2023	2022	2023	2022	2023	2022	2023
Third Party Assurance	Yes		Yes		Yes		Yes	
Assurance Institution	SGS		Bureau Veritas		SGS		SGS	
Assurance Standards	ISO 14064-3		ISO 14064-3		ISO 14064-3		ISO 14064-3	
Assurance Opinion	reasonable level	Complete assurance information will be disclosed in the sustainability report	reasonable level		reasonable level		reasonable level	

Note: In response to the sustainable development roadmap of TWSE/TPEX listed companies, the assurance institution's schedule is fully loaded, so the head office expects to complete assurance in June. Complete assurance information will be disclosed in the sustainability report and the Company's website.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.

## 1-2. Greenhouse Gas Reduction Goals, Strategy, and Concrete Action Plan

(Specify the GHG reduction base year and its data, the reduction goals, strategy and concrete action plans, and the status of achievement of the reduction goals)

(1) Taking 2020 as the base year and 2030 as the target year, the trial calculation reduction goals are as follows:

Unit of Emission: tCO<sub>2</sub>e

Year	Scope 1&2 Emission Volume and Intensity (Carbon reduction goals include electricity, natural gas, diesel, etc.)				Scope 3 Emission Volume and Intensity (The carbon reduction target is the electricity used in products such as power supplies)			
	Absolute Reduction Goal Corresponds to 1.5°C				Absolute Carbon Reduction Goal Corresponds to Well Below 2C			
2020 Base	Emissions	%	Emission Intensity	%	Emissions	%	Emission Intensity	%
	46,520.87	0%	1.41	0%	32,167,148.27	0%	972.77	0%
2030 Target	26,075.48	-42%	0.61	-56.80%	24,125,361.20	-25%	542.88	-44.19%

(2) Carbon reduction strategies and concrete action plans :

For Scope 1&2, the Company continues to promote various equipment energy-saving and carbon reduction projects by installing solar power generation systems in each factory and introducing the IWA (Intelligent Wireless Access) intelligent energy-saving management system. For Scope 3 involves the carbon emissions of the value chain product life cycle. The Company continues to reduce carbon emissions from product design, material selection and process improvement, etc.

(3) The status of achievement of the carbon reduction goals :

Both the goals of GHG absolute reduction and intensity reduction for 2023 have been met, as shown in the table below:

Unit of Emission: tCO<sub>2</sub>e

GHG Absolute Reduction Goals	2020-Base Year	2023			
Item	SBTi-reviewed Emissions	SBTi-reviewed Goals	Emissions	Reduction Percentage Compared to Base Year	Meet the Standards Or Not
Scope 1&2	46,520.87	-12.60%	33,008.96	-29.04%	Goal achieved
Scope 3 (Use of sold products)	32,167,148.27	-7.50%	19,019,297.53	-40.87%	Goal achieved

Unit of Emission Intensity: CO<sub>2</sub>e/ NT\$ million

GHG Intensity Reduction Goals	2020-Base Year	2023			
Item	Emission Intensity	SBTi-reviewed Goals	Emission Intensity	Reduction Percentage Compared to Base Year	Meet the Standards Or Not
Scope 1&2	1.41	-20.02%	0.91	-35.38%	Goal achieved
Scope 3 (Use of sold products)	972.77	-15.35%	523.78	-46.16%	Goal achieved

### 3.4.8. Status of Implementation of the Ethical Corporate Management

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
1. Enactment of ethical management policy and program				
(1) Whether the Company formulates the ethical management policy approved by the board of directors and has the ethical business policy expressed explicitly in the Company's regulations and external documents, as well as the active implementation committed by the board of directors and management.	✓		(1) The Company has stipulated the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and upholds the philosophy of being honest, incorruptible, transparent, and responsible to operate its business. Complying with the Company Act, Securities and Exchange Act, the Business Entity Accounting Act, and other laws and regulations related to TWSE and TPEx; the Company continues to implement the integrity-based policy. When performing their duties, the Board members and the senior management take the responsibility of supervision based on the integrity principle of business philosophy. The Company also implements it in internal management and business activities, including all current employees and new employees are required to sign the "Letter of Commitment to Incorruption" to abide by the Company's ethical corporate management policy and establish a corporate culture of ethical corporate management.	(1)No difference
(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(2) The Company establishes the "Procedures for Ethical Management and Guidelines for Conduct" to engage in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. The Procedures specifies the prohibition of unethical conduct, including bribery, offer or acceptance of improper benefits, providing or promising of facilitation fee, providing of illegal political donations, engagement in unfair competitive practices, improper charity donation or sponsoring, disclosure of trade secrets and damaging the rights of the stakeholders. The Company has implemented prevention measures and proceeded promotions to implement the ethical corporate management and prevent unethical conduct.	(2)No difference
(3) Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?	✓		(3) The Company engages in commercial activities based on the principles of honest and transparency. For operating activities within the scope of operations and with high risk of being conducted unethically, the Company has established effective accounting and internal control systems and has designated auditor to conduct regular review on the compliance of the relevant system. In addition, the Company has established the "Whistle-blowing Management Regulations" with whistle-blowing mailbox, email address and hotline as the whistle-blowing channels for unethical conduct. The Company has established various reporting channels and strictly keeps confidential the identity of the informers and content of the report. If an employee is reported to be involved with unethical behavior, the Company will immediately check on relevant facts. If violation of laws or of the ethical management policy and regulations is confirmed, the Company will immediately request the person conducting the unethical behavior to stop such behavior, and per significance of the issue, to proceed	(3)No difference

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			with the proper punishment. The Company will also review and modify the implementation results of the practices mentioned above.	
2. Implementation of ethical business				
(1) Evaluation of individuals that have a record of unethical behavior and regulation of the ethical code of conduct in the business contract.	✓		(1) To implement the ethical corporate management policy, before establishing business relationship with others, except for evaluating the legitimacy and ethical management policy of suppliers, customers or other business parties it deals with, the Company also demand to sign "Letter of Commitment to Incorruption" with suppliers, clearly indicating that all parties in the transactions shall adhere strictly to the rules of the Company with respect to Incorruption management and shall not receive rebates, commission, inappropriate gifts or any other illegal benefit.	(1) No difference
(2) Does the Company establish a specific unit subject to Board of Directors to promote corporate ethical business and regularly (at least once a year) report the ethical management policy, prevention program of unethical conduct and implementation status of supervision to Board of Directors?	✓		(2) To achieve sound ethical corporate management, an ethical corporate management team consisting of the Administrative Division, Financial Center and Audit Office were established to take responsibility of establishing and supervising the implementation of the ethical corporate management policies and prevention programs and report to the Board of Directors every year. The Company has established the "Whistle-blowing Management Regulations" and the whistle-blowing mailbox, email address, and hotline. The Company also promotes the ethical management and practices the whistle-blowing mechanism at the management meeting. Various factories also organize multiple meetings to promote the ethical management and whistle-blowing mechanism. The implementation status of ethical corporate management in 2023 has been submitted to the Board of Directors on Nov. 2, 2023.	(2) No difference
(3) The implementation of the Company's prevention of interest conflict policy and the appropriate reporting channel	✓		(3) The Company has established the conflict of interest policy requiring that the Company's employees sign the service contract when they are hired, and providing the whistle-blowing and complaining channels to help whistleblowers and complainants with their accusation and complaint.	(3) No difference
(4) Does the Company establish effective accounting system and internal control system to implement ethical business and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the audit office or committed accountants?	✓		(4) To implement the ethical corporate management policy, the Company has established effective accounting systems and internal control systems, and has the internal auditor conduct regular reviews of each unit for its compliance to the system.	(4) No difference
(5) Periodic education and training of ethical business	✓		(5) The Company establishes the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct." Besides the disclosure on the "Corporate Governance" section on the Company website, the Company also performs the ethical management promotion at the management meeting and conducts education training for new employee. In 2023, the Company and factories have conducted internal and external education on ethical corporate management and business ethics, including ethical corporate management dissemination during new employee orientation, the Taipei	(5) No difference

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			office for 122 persons, the Dongguan factory 4 sessions with 198 persons, the Suzhou factory 4 sessions with 1,056 persons, and the Chongqing factory 5 sessions with 594 persons, totaled 14 sessions with 1,970 persons.	
3. The operation of reporting system (1) Specific reporting and reward systems, reporter friendly channels and representative assigned to deal with the reporting issues	✓		(1) The Company has established its “Whistle-blowing Management Regulations” to provide the whistle-blowing channels, including: A. “Whistle-blowing mailbox” B. “Whistle-blowing email address” Hotline@chiconypower.com. The Administration supervisor is responsible for receiving and processing the mails, and strictly keeps confidential the identity of the informers and content of the report. If an employee is reported to be involved with unethical behavior, the Company will immediately check on relevant facts. If confirmed there is violation of laws or of the ethical management policy and regulations, the Company will immediately requested the person conducting the unethical behavior to stop such behavior, and per significance of the issue, to proceed with the investigation. And if necessary, the Company will claim damage through legal procedures to protect the reputation, rights and interest of the Company. Meanwhile, the Company establishes the specific reward system for whistle-blowing. For the reward criteria, please refer to the “Employee Reward & Punishment Regulations”.	(1) No difference
(2) Does the company establish standard procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		(2) The Company has established the “Whistle-blowing Management Regulations” to expressly state the standard operating procedure for investigation on accepted whistle-blowing cases. The Administration supervisor is responsible for processing, investigating and responding to the cases, and keeps confidential the identity of the informers and content of the report strictly.	(2) No difference
(3) Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	✓		(3) The Company has established the measures for protecting whistle-blowers. The Company will keep the whistle-blower's identity and contents of report in confidence and prevent the whistle-blower from inappropriate disciplinary actions due to their whistle-blowing.	(3) No difference
4. Enhancing Information Disclosure Disclosure of ethical business principals and implementation results on its website or TWSE “MOPS”.	✓		The Company has disclosed information related to ethical management on its website. Website: <a href="https://www.chiconypower.com">https://www.chiconypower.com</a> .	No difference
5. If the Company has established its own ethical business principles based on “Ethical Business Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: The Company has established the “Ethical Corporate Management Best Practice Principles” to create a corporate culture with ethical management and sound development. The actual implementation status is consistent with the principles of the Company.				
6. Other information material to the understanding of ethical business operation: None.				

3.4.9. For those have the Corporate Governance Rules and Relevant Regulations Stipulated, the Inquiry Method of the Corporate Governance Rules and Relevant Regulations

For inquiry, please visit the “Investor Events” on the Company’s website.

3.4.10. Other Important Information to Increase the Understanding of Corporate Governance

The Company’s website provides the “Investor Events” to provide the information about corporate governance, finance and shareholders service.

### 3.4.11. Implementation of the Internal Control System

#### (1) Statement of Internal Control System

Chicony Power Technology Co., Ltd.  
Statement on Internal Control System

Date: Mar. 12, 2024

The following declaration had been made based on the 2023 self-assessment of the Company's internal control system:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of the Directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
4. The Company has adopted the aforementioned criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2023. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
6. This declaration constitutes part of the Company's Annual Report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. The Statement was passed unanimously without objection by all 7 directors present at the directors' meeting dated Mar. 12, 2024.

Chicony Power Technology Co., Ltd.

Chairman: Lu, Chin-Chung

President: Tseng, Kuo-Hua



(2) Auditor's Report on Special Audit of Internal Control System: N/A.

3.4.12. The Most Recent Year and Up to the Publication Date of this Annual Report, the Punishment Inflicted on the Company or Its Internal Personnel, or Any Disciplinary Penalty by the Company Against Its Internal Personnel for Violation of the Internal Control System, Where the Result of Such Penalty Could Have a Material Effect on Shareholder Equity or Securities Prices, the Main Shortcomings, and Condition of Improvement: None.

3.4.13. Shareholder's Meeting and Significant Board Resolutions in the Most Recent Year and Up to the Date of Publication

(1) Shareholders' Meeting

Date	Important resolutions	Implementation status
May 29, 2023, Regular Shareholders Meeting of 2023	(1) Acknowledgement on the Business Report, Financial Statements and Distribution of Earnings of the Company for the 2022 fiscal year.	To be disclosed on the MOPS as required, upon resolution by a general shareholders' meeting.
	(2) Discussion of the proposal to amend the Company's "Rules of Procedure for Shareholders Meetings".	Completed according to the amended procedures.

(2) Board of Directors

Date	Important resolutions
Mar. 1, 2023 7th meeting of the 6th Board of Directors	(1) Report on the Company's Board of Directors and Functional Committees performance evaluation in 2022. (2) It is resolved to approve the Company's 2022 business report and consolidated and individual financial statements. (3) It is resolved to prepare the business operating plan of the Company for 2023. (4) It is resolved to the distribution of remuneration to employees and directors for the 2022 fiscal year. (5) It is resolved to approve the distribution of earnings of the Company for the 2022 fiscal year. (6) It is resolved to issue the Company's 2022 Statement on Internal Control System. (7) It is resolved to approve the amendments to the Company's "Rules of Procedure for Shareholders Meetings". (8) It is resolved to approve the amendments to the Company's "Corporate Governance Best Practice Principles". (9) It is resolved to approve the compensation of CPA and the evaluation on the CPAs' independence. (10) It is resolved to approve the Company's application for credit facility with the financial institution. (11) It is resolved to organize the Company's 2023 Regular Shareholders' Meeting. (12) It is resolved to approve the Company's fund lending to the subsidiary. (13) It is resolved to approve the distribution plan for remuneration to employees and directors at the 4th meeting of the 4th Remuneration Committee. (14) It is resolved to approve the replacement of CPA by the Company in coordination with the internal business adjustment of the accounting firm since 2023 Q1.
May 2, 2023 8th meeting of the 6th Board of Directors	(1) It is resolved to approve the Company's consolidated financial statements of 2023 Q1. (2) It is resolved to approve the Company's fund lending to the subsidiary.
Aug. 2, 2023 9th meeting of the 6th Board of Directors	(1) It is resolved to approve the Company's consolidated financial statements of 2023 Q2. (2) It is resolved to approve the Company's fund lending to the subsidiary.
Nov. 2, 2023 10th meeting of the 6th Board of Directors	(1) It is resolved to approve the Company's consolidated financial statements of 2023 Q3. (2) It is resolved to prepare the amendments to the Company's "Rules Governing Financial and Business Matters between the Company and its Affiliated Enterprises". (3) It is resolved to prepare the audit plan of the Company for 2024. (4) It is resolved to approve the Company's application for credit facility with the financial institution. (5) It is resolved to approve the Company's fund lending to the subsidiary.

Date	Important resolutions
	(6) It is resolved to approve personnel changes at assistant VP level or above in the Company. (7) It is resolved to approve the distribution of year-end bonus and employee remuneration to managers as proposed at the 5th meeting of the 4th Remuneration Committee. (8) It is resolved to approve the start of key tasks of corporate sustainable development in 2024.
Mar. 12, 2024 11th meeting of the 6th Board of Directors	(1) Report on the Company's Board of Directors and Functional Committees performance evaluation in 2023. (2) It is resolved to approve the Company's 2023 business report and consolidated and individual financial statements. (3) It is resolved to prepare the business operating plan of the Company for 2024. (4) It is resolved to issue the Company's 2023 Statement on Internal Control System. (5) It is resolved to the distribution of remuneration to employees and directors for the 2023 fiscal year. (6) It is resolved to approve the distribution of earnings of the Company for the 2023 fiscal year. (7) It is resolved to approve the compensation of CPA and the evaluation on the CPAs' independence. (8) It is resolved to re-elect the Company's 7th term of Directors. (9) It is resolved to approve the nomination of the Company's directors and independent director candidates. (10) It is resolved to release the newly elected directors and their representative from non-competition restrictions. (11) It is resolved to organize the Company's 2024 Regular Shareholders' Meeting. (12) It is resolved to approve the Company's fund lending to the subsidiary. (13) It is resolved to approve the capital increase of Chicony Power Technology (Thailand) Co., Ltd. (14) It is resolved to approve the amendments to the Company's "Rules of Procedure for Board of Directors Meetings". (15) It is resolved to approve the distribution plan for remuneration to employees and directors at the 6th meeting of the 4th Remuneration Committee.

3.4.14. The Most Recent Year and Up to The Publication Date of this Annual Report, the Main Contents of Important Resolutions Passed by the Board of Directors Regarding in which Directors or Supervisors have Voiced Differing Opinions on the Record or in Writing: None.

3.4.15. The Most Recent Year and Up to The Publication Date of this Annual Report, Summary of Resignation or Dismissal of Personnel (including the Chairman of Board, President, Financial Manager, Accounting Manager, Internal Audit Manager and R&D Manager, etc.,) Who are involved with the Company's Financial Statements:

Mar. 29, 2024

Title	Name	Date of Appointment	Date Discharged	Reasons for Resignation or Discharge
-	-	-	-	-

### 3.5. Information on CPA Professional Fees

#### 3.5.1. Information on CPA Professional Fees

Unit: NT\$1,000

Accounting Firm Name	Name of CPA	CPA Audit Period	Audit Fee	Non-audit Fee	Subtotal	Remarks
PricewaterhouseCoopers Taiwan	Liang, Hua-Ling	2023/01/01 ~ 2023/12/31	3,720	2,130	5,850	Note
	Liao, Fu-Ming					

Note: The non-audit fees include the service fee NT\$1,600 thousand for project introduction, and the transfer pricing report fee NT\$530 thousand.

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

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

### 3.6. Information on the Replacement of CPA

Whether the Company changed its CPA firms in the recent two year and up to the publication date of this Annual Report:

#### 3.6.1. Information Relating to the Former CPA

	2022			2023			For 2024 and up to the Date of Publication		
Date of the Change	N/A			Approved by Board of Director on Mar. 1, 2023.			N/A		
Reason for the Replacement and Explanation	N/A			To deal with the internal reorganization of PricewaterhouseCoopers Taiwan, Certified Public Accountants of the Company’s Financial Statements 2023 Q1 were changed from Chen, Chin-Chang, CPA and Weng, Shih-Jung, CPA to Liang, Hua-Lin, CPA and Liao, Fu-Ming, CPA.			N/A		
Explain Whether the Appointor Terminates or CPA Refuse to Accept Appointment	Contracting Parties Condition	CPA	Appointor	Contracting Parties Condition	CPA	Appointor	Contracting Parties Condition	CPA	Appointor
	Appointment Terminated Automatically	N/A	N/A	Appointment Terminated Automatically	N/A	N/A	Appointment Terminated Automatically	N/A	N/A
	appointment rejected (Discontinued)	N/A	N/A	appointment rejected (Discontinued)	N/A	N/A	appointment rejected (Discontinued)	N/A	N/A
Suggestions and Reasons for Issuing Audit Reports other than Unqualified Opinions in the Recent Two Years	None			None			None		
Different Opinions With the Issuer	Yes		Accounting Principles or Practices	Yes		Accounting Principles or Practices	Yes		Accounting Principles or Practices
			Financial Report Disclosure			Financial Report Disclosure			Financial Report Disclosure
			Audit Scope or Process			Audit Scope or Process			Audit Scope or Process
			Others			Others			Others
	No	V		No	V		No	V	
	Descriptions: N/A			Descriptions: N/A			Descriptions: N/A		
Other Disclosures (Disclosures Specified in Article 10.6.1.4~7 of the Standard)	None			None			None		

#### 3.6.2. Information Relating to the Succeeding CPA

	2022	2023	For 2024 and up to the Date of Publication
Name of CPA Firm	N/A	PricewaterhouseCoopers Taiwan	N/A
Name of CPA	N/A	Liang, Hua-Lin Liao, Fu-Min	N/A
Date of Reappointment	N/A	Approved by Board of Director on Mar. 1, 2023.	N/A
Prior to Appointment, Accounting Treatments or Accounting Principles for Specific Transactions, and Possible Advisory Issues and Results for Financial Reports	N/A	N/A	N/A
The Written Opinion of the Different Opinions Between the Succeeding CPA and the Preceding CPA	N/A	N/A	N/A

3.6.3. The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

3.7. The Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee of the Accounting Firm, or Its Affiliates over the Past Year: None.

### 3.8. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Shareholders with 10% Shareholdings or More of the Company

#### 3.8.1. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Shareholders with 10% Shareholdings or More of the Company:

Title	Name	2023		Ending Mar. 29 of 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Directors and Major Shareholders	Chicony Electronics Co., Ltd.	-	-	-	-
Chairman (Representative)	Lu, Chin-Chung	-	-	-	-
Director (Representative)	Huang, Yueh-Chao	-	-	-	-
Director and President	Tseng, Kuo-Hua (Note 1)	165,060	-	-	-
Director	Lee, Tse-Ching	-	-	-	-
Independent Director	Tsai, Duh-Kung	-	-	-	-
Independent Director	Hong, Ching-Shan	-	-	-	-
Independent Director	Sun, Chin-Feng	-	-	-	-
MP Business Unit, President	Huang, Chien-Yu (Note 1)	68,535	-	-	-
SH Business Unit, President	Ku, Ming-Hui (Note 1, Note 2)	(50,688)	-	-	-
SH Business Unit, President	Huang, Shou-Fan (Note 1)	(100,485)	-	(16,000)	-
Guang Sheng Factory, Senior Vice President	Li, Tsu-Yu (Note 1)	(213,807)	-	(21,000)	-
MAG Business Unit, Vice President	Lin, Che-Shih (Note 1)	(96,548)	-	(5,000)	-
MP R&D Center, Vice President	Wang, Yang (Note 1)	(22,975)	-	(16,000)	-
MP Business Unit, Vice President	Pan, Sin-Jian (Note 1)	(13,572)	-	-	-
Financial Center, Vice President	Chen, Hsueh-Yi (Note 1)	(160,605)	-	(82,000)	-
Procurement Center, Vice President and Procurement Chief	Huang, Ming-Hui (Note 1)	(166,004)	-	-	-
Quality Center, Assistant VP	Chen, Chun-Jheng (Note 1)	7,731	-	-	-
Quality Center, Assistant VP	Liang, Guo-Bao (Note 1)	(17,425)	-	(3,000)	-
MAG Business Unit, Assistant VP	Huang, Ming-Ssu (Note 1)	(9,064)	-	(5,000)	-
SH Business Unit, Assistant VP	Huang, Tsui-Ling (Note 1, Note 2)	15,121	-	-	-
SH High Power R&D Division, Assistant VP	Hsiao, Yung-Him (Note 1)	8,654	-	(11,000)	-
MP R&D Center, Assistant VP	Lin, Sen-Ci (Note 1)	5,115	-	(6,000)	-
MP Suzhou Factory, Assistant VP	Chen, Yang-Kai (Note 1)	19,932	-	-	-
Audit Office, Senior Manager	Yu, Wen-Feng (Note 1)	(43,850)	-	-	-

Note 1: Shares held include shares in trust the grantor retain the power to decide the allocation.

Note 2: Mr. Ku, Ming-Hui resigned on June 30, 2023, so the number of increase or decrease in its shareholding listed above is from Jan. 1, 2023 to Jun. 30, 2023 ; Miss Huang, Tsui-Ling resigned on Jun. 2, 2023, so the number of increase or decrease in its shareholding listed above is from Jan. 1, 2023 to Jun. 2, 2023.

#### 3.8.2. Information on the Counterparts of the Share Transferred, if the Counterparts are Related Party

Name	Reason of Transfer	Date of Transaction	Counterpart	Relationship Between the Counterpart and the Company, and Directors, Supervisors and Shareholders with more than 10% Ownership Interest	Shares	Transaction Price
Huang, Chien-Yu	Bestowment	Mar.20, 2023	Huang, Yu-Min	Father and Son	31,400	NA

#### 3.8.3. Information on the Counterparts of the Shares Pledged, if the Counterparts are Related Parties: None.

### 3.9. Information on Relation Among Top 10 Shareholders and Their Relationship

Mar. 29, 2024 ; Unit: shares, %

Name	One Shareholding		Shareholdings of Spouse and Underage Children		Total Shareholding in Other's Name		Relationship Characterized as Spouse or Relative of Second Degree or Closer Among the Top 10 Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Chicony Electronics Co., Ltd.	206,706,594	51.80	-	-	-	-	None	None	-
Representative: Hsu, Kun-Tai	-	-	-	-	-	-	None	None	-
Lee, Tse-Ching	24,362,547	6.11	-	-	-	-	Lin, Yen-Li	Mother and daughter	-
							Lin, Yi-Ching	Mother and daughter	-
Standard Chartered Bank Sales Department Entrusted with PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund	8,225,181	2.06	-	-	-	-	None	None	-
Lin, Yen-Li	7,890,315	1.98	-	-	-	-	Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li	Trust Account that the shareholder retains the power to decide the allocation.	-
							Lee, Tse-Ching	Mother and daughter	-
							Lin, Yi-Ching	Sister	-
Lin, Yi-Ching	7,883,324	1.98	-	-	-	-	Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching	Trust Account that the shareholder retains the power to decide the allocation.	-
							Lee, Tse-Ching	Mother and daughter	-
							Lin, Yen-Li	Sister	-
Standard Chartered Bank Entrusted with Swedbank Robur Globalfond	6,000,000	1.50	-	-	-	-	None	None	-
Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li	5,000,000	1.25	-	-	-	-	Lin, Yen-Li	Trust Account that the shareholder retains the power to decide the allocation.	-
Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching	5,000,000	1.25	-	-	-	-	Lin, Yi-Ching	Trust Account that the shareholder retains the power to decide the allocation.	-
Yuanta Taiwan High Dividend Low Volatility ETF	4,254,000	1.07	-	-	-	-	None	None	-
Di-Jia Investment Co., Ltd. Responsible Person: Huang, Yueh-Chao	4,105,273	1.03	-	-	-	-	None	None	-
	1,639,669	0.41	-	-	-	-	None	None	-

Note 1: The above table includes shares in trust the grantor and his spouse retain the power to decide the allocation.

Note 2: The Shareholding Ratio (%) is the shares held divided by the 399,040,126 shares of the Company.

### 3.10. Quantity of Shareholdings of the Same Investee by the Company and Its Directors, Supervisors, Managers Directly or Indirectly controlled, and the Combined Shareholdings

Mar. 29, 2024 ; Unit: shares, %

Invested Enterprise	Invested by the Company		Held by Directors, Supervisors, Managers, and Directly or Indirectly Controlled Enterprises		Total Investment	
	Shares	%	Shares	%	Shares	%
Chicony Power Holdings Inc.	10,000,000	100.00	-	-	10,000,000	100.00
Chicony Power Technology (Thailand) Co., Ltd.	98,999,997	100.00	3	-	99,000,000	100.00

## 4. Capital Overview

### 4.1. Capital and Shares

#### 4.1.1. Sources of Capital

##### (1) Capital Increase in Recent Years

Unit: NT\$, shares

Month / Year	Issue price	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital Sources	Offset by any property other than cash	Others
Dec. 2008	10	100,000	1,000,000	100,000	1,000,000	Paid-in Capital to start the Company	-	Ministry of Economic Affairs, Dec. 24, 2008, Jing-Shou-Zhong-Zi No. 09734238930
Feb. 2009	10	250,000,000	2,500,000,000	8,100,000	81,000,000	Relevant business assigned from the spinoff of the Power Supply Business Unit from Hipro Electronics (Taiwan) Co., Ltd.	Note 1	Ministry of Economic Affairs, Feb. 20, 2009, Jing-Shou-Zhong-Zi No. 09831746550
Apr. 2009	11	250,000,000	2,500,000,000	208,100,000	2,081,000,000	Capital increase in cash 2 billion by cash	-	Ministry of Economic Affairs, Apr. 8, 2009, Jing-Shou-Shang-Zi No. 09801067810
Aug. 2010	10	250,000,000	2,500,000,000	241,586,832	2,415,868,320	Capital increase for 203,765,320 by earnings Capital increase for 131,103,000 by capital reserve	-	Ministry of Economic Affairs, Aug. 9, 2010, Jing-Shou-Shang-Zi No. 09901180110
Dec. 2011	10	350,000,000	3,500,000,000	276,183,942	2,761,839,420	Capital increase for 345,971,100 by earnings	-	Ministry of Economic Affairs, Dec. 20, 2011, Jing-Shou-Shang-Zi No. 10001283310
Oct. 2012	10	350,000,000	3,500,000,000	325,796,934	3,257,969,340	Capital increase for 496,129,920 by earnings	-	Ministry of Economic Affairs, Oct. 8, 2012, Jing-Shou-Shang-Zi No. 10101207240
Aug. 2013	10	350,000,000	3,500,000,000	329,378,645	3,293,786,450	Capital increase for 35,817,110 by earnings	-	Ministry of Economic Affairs, Aug. 19, 2013, Jing-Shou-Shang-Zi No. 10201169370
Nov. 2013	41.6	400,000,000	4,000,000,000	353,378,645	3,533,786,450	Capital increase in cash 240,000,000 by cash	-	Ministry of Economic Affairs, Nov. 16, 2013, Jing-Shou-Shang-Zi No. 10201240200
Aug. 2014	10	400,000,000	4,000,000,000	358,853,349	3,588,533,490	Capital increase for 54,747,040 by earnings	-	Ministry of Economic Affairs, Aug. 12, 2014, Jing-Shou-Shang-Zi No. 10301161680
Aug. 2015	10	400,000,000	4,000,000,000	364,311,133	3,643,111,330	Capital increase for 54,577,840 by earnings	-	Ministry of Economic Affairs, Aug. 19, 2015, Jing-Shou-Shang-Zi No. 10401172760
Sep. 2015	10	400,000,000	4,000,000,000	368,319,103	3,683,191,030	Issuance of new restricted employee shares 40,079,700	-	Ministry of Economic Affairs, Sep. 21, 2015, Jing-Shou-Shang-Zi No. 10401197910
Mar. 2016	10	400,000,000	4,000,000,000	370,059,873	3,700,598,730	Issuance and revocation of new restricted employee shares 17,407,700	-	Ministry of Economic Affairs, Mar. 30, 2016, Jing-Shou-Shang-Zi No. 10501059290
Jun. 2016	10	400,000,000	4,000,000,000	370,026,535	3,700,265,350	Revocation of new restricted employee shares 333,380	-	Ministry of Economic Affairs, Jun. 30, 2016, Jing-Shou-Shang-Zi No. 1050114137
Aug. 2016	10	400,000,000	4,000,000,000	375,769,640	3,757,696,400	Capital increase for 57,431,050 by earnings and employees remuneration	-	Ministry of Economic Affairs, Aug. 18, 2016, Jing-Shou-Shang-Zi No. 10501206540
Sep. 2016	10	400,000,000	4,000,000,000	375,748,880	3,757,488,800	Revocation of new restricted employee shares 207,600	-	Ministry of Economic Affairs, Sep. 9, 2016, Jing-Shou-Shang-Zi No. 10501223000
Nov. 2016	10	400,000,000	4,000,000,000	375,744,620	3,757,446,200	Revocation of new restricted employee shares 42,600	-	Ministry of Economic Affairs, Nov. 24, 2016, Jing-Shou-Shang-Zi No. 10501273340
Apr. 2017	10	400,000,000	4,000,000,000	375,740,072	3,757,400,720	Revocation of new restricted employee shares 45,480	-	Ministry of Economic Affairs, Apr. 26, 2017, Jing-Shou-Shang-Zi No. 10601048690
May 2017	10	400,000,000	4,000,000,000	380,461,721	3,804,617,210	Capital increase by employees remuneration 47,216,490	-	Ministry of Economic Affairs, May 3, 2017, Jing-Shou-Shang-Zi No. 10601052900
Jun. 2017	10	400,000,000	4,000,000,000	380,431,133	3,804,311,330	Revocation of new restricted employee shares 305,880	-	Ministry of Economic Affairs, June 1, 2017, Jing-Shou-Shang-Zi No. 10601069520
Aug. 2017	10	400,000,000	4,000,000,000	382,289,947	3,822,899,470	Capital increase by earnings 18,588,140	-	Ministry of Economic Affairs, Aug. 7, 2017, Jing-Shou-Shang-Zi No. 10601109550

Month / Year	Issue price	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital Sources	Offset by any property other than cash	Others
Aug. 2017	10	400,000,000	4,000,000,000	382,277,554	3,822,775,540	Revocation of new restricted employee shares 123,930	-	Ministry of Economic Affairs, Aug. 25, 2017, Jing-Shou-Shang-Zi No. 10601120510
Nov. 2017	10	400,000,000	4,000,000,000	382,272,271	3,822,722,710	Revocation of new restricted employee shares 52,830	-	Ministry of Economic Affairs, Nov. 29, 2017, Jing-Shou-Shang-Zi No. 10601159690
May 2018	10	400,000,000	4,000,000,000	386,695,410	3,866,954,100	Capital increase by employees remuneration 44,231,390	-	Ministry of Economic Affairs, May 1, 2018, Jing-Shou-Shang-Zi No. 10701043870
Jul. 2018	10	400,000,000	4,000,000,000	385,986,588	3,859,865,880	Revocation of treasury stock and new restricted employee shares 7,088,220	-	Ministry of Economic Affairs, Jul. 31, 2018, Jing-Shou-Shang-Zi No. 10701093100
Aug. 2018	10	400,000,000	4,000,000,000	387,880,301	3,878,803,010	Capital increase for 18,937,130 by earnings	-	Ministry of Economic Affairs, Aug. 16, 2018, Jing-Shou-Shang-Zi No. 10701101820
Nov. 2018	10	400,000,000	4,000,000,000	383,141,301	3,831,413,010	Revocation of treasury stock 47,390,000	-	Ministry of Economic Affairs, Nov. 26, 2018, Jing-Shou-Shang-Zi No. 10701143780
Apr., 2019	10	400,000,000	4,000,000,000	386,715,375	3,867,153,750	Capital increase by employees remuneration 35,740,740	-	Ministry of Economic Affairs, Apr. 25, 2019, Jing-Shou-Shang-Zi No. 10801046920
Apr., 2020	10	500,000,000	5,000,000,000	384,200,375	3,842,003,750	Revocation of treasury stock 25,150,000	-	Ministry of Economic Affairs, Apr. 22, 2020, Jing-Shou-Shang-Zi No. 10901058150
May 2020	10	500,000,000	5,000,000,000	388,751,037	3,887,510,370	Capital increase by employees remuneration 45,506,620	-	Ministry of Economic Affairs, May 4, 2020, Jing-Shou-Shang-Zi No. 10901063430
Apr. 2021	10	500,000,000	5,000,000,000	392,147,184	3,921,471,840	Capital increase by employees remuneration 33,961,470	-	Ministry of Economic Affairs, Apr. 20, 2021, Jing-Shou-Shang-Zi No. 11001064980
Apr. 2022	10	500,000,000	5,000,000,000	395,388,390	3,953,883,900	Capital increase by employees remuneration 32,412,060	-	Ministry of Economic Affairs, Apr. 25, 2022, Jing-Shou-Shang-Zi No. 11101062400
Apr. 2023	10	500,000,000	5,000,000,000	399,040,126	3,990,401,260	Capital increase by employees remuneration 36,517,360	-	Ministry of Economic Affairs, Apr. 12, 2023, Jing-Shou-Shang-Zi No. 11230056720

Note 1: According to the relevant laws and regulations of “Business Mergers and Acquisitions Act” and “Company Act”, the net value from being assigned the operations, assets and liabilities of Power Supply Business Unit of Hipro Electronics (Taiwan) Co., Ltd., from a spin off as a way to increase capital is NT\$80,000 thousand.

## (2) The Types of Shares Issued as the Date the Annual Report is Published

Unit: shares

Type of Share	Authorized Capital Stock			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	399,040,126	100,959,874	500,000,000	Listed Company Shares

## (3) Information about Offering and Issuance of Securities: None.

### 4.1.2. Composition of Shareholders

Mar. 29, 2024 ; Unit: persons, shares, %

Composition of Shareholders	Government Agencies	Financial Institutions	Other Corporate Entities	Individuals	Foreign Institutions and Individuals	Treasury Stock	Total
Quantity							
Number of Shareholders	2	40	48	6,274	270	0	6,634
Shareholding	1,355,580	10,562,971	233,060,705	86,856,103	67,204,767	0	399,040,126
Percentage	0.34	2.65	58.40	21.77	16.84	0	100.00

Note: A TWSE/TPEx primary listed company and emerging stock company shall disclose the shareholdings by Mainland China investment of it. The Mainland China investment refers to the people, corporation, group or any other organization of the Mainland Area or the company invested by the Mainland China investment in a third territory defined under Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area: N/A.



#### 4.1.3. Distribution Profile of Share Ownership

Mar. 29, 2024

Range of Shares	Number of Shareholders	Shares Held	Shareholding Percentage
1 to 999	3,117	302,855	0.08%
1,000 to 5,000	2,590	4,490,135	1.13%
5,001 to 10,000	268	2,013,289	0.50%
10,001 to 15,000	106	1,307,847	0.33%
15,001 to 20,000	69	1,231,249	0.31%
20,001 to 30,000	87	2,090,938	0.52%
30,001 to 40,000	59	2,030,661	0.51%
40,001 to 50,000	27	1,221,332	0.31%
50,001 to 100,000	108	7,840,719	1.96%
100,001 to 200,000	76	10,842,789	2.72%
200,001 to 400,000	43	12,584,330	3.15%
400,001 to 600,000	24	11,830,221	2.96%
600,001 to 800,000	15	10,314,022	2.58%
800,001 to 1,000,000	8	7,373,496	1.85%
Over 1,000,001	37	323,566,243	81.09%
Total	6,634	399,040,126	100.00%

Note: Common shares, the Company did not issue preferred shares.

#### 4.1.4. Major Shareholders

Shares held equal to or more than 5% of total shares issued or with equity ownership among the top 10 shareholders

Mar. 29, 2024

Major Shareholder	Shares	Shares Held	Shareholding Percentage
Chicony Electronics Co., Ltd.		206,706,594	51.80%
Lee, Tse-Ching		24,362,547	6.11%
Standard Chartered Bank Sales Department Entrusted with PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund		8,225,181	2.06%
Lin, Yen-Li		7,890,315	1.98%
Lin, Yi-Ching		7,883,324	1.98%
Standard Chartered Bank Entrusted with Swedbank Robur Globalfond		6,000,000	1.50%
Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li		5,000,000	1.25%
Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching		5,000,000	1.25%
Yuanta Taiwan High Dividend Low Volatility ETF		4,254,000	1.07%
Di-Jia Investment Co., Ltd.		4,105,273	1.03%

Note: Not including share in trust the grantor retains the power to decide the allocation.

#### 4.1.5. Information on Market Price, Net Worth, Earnings, Dividends Per Share & Relevant Information

Unit: NT\$, 1,000 shares

Item \ Year			2022	2023	As of Mar. 29 2024 (Note 5)
Market Price Per Share	High		87.80	150.00	196.00
	Low		63.70	73.00	142.00
	Average		73.35	100.64	164.71
Net worth Per Share	Before dividend		32.11	34.60	-
	After dividend		26.21	28.70	-
Earnings Per Share	Weighted Average Shares		394,847	398,450	-
	Earnings Per Share	Originally Reported	8.22	8.27	-
		Retrospective Adjustment	8.22	8.27	-
Dividend Per Share	Cash Dividends		5.90	6.00	-
	Stock dividends	Out of earnings	-	-	-
		Stock dividend from paid-in capital	-	-	-
	Accumulated undistributed dividends (Note 1)		-	-	-
ROI Analysis	P/E Ratio (Note 2)		8.92	12.17	-
	P/D Ratio (Note 3)		12.43	16.77	-
	Cash Dividend Yield (Note 4)		8.04%	5.96%	-

Note 1: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the Current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 2: P/E ratio = Average closing price per share for the year/earnings per share.

Note 3: P/D ratio = average closing price per share during the current fiscal year/cash dividend per share.

Note 4: Cash dividend yield = Cash dividend per share/average closing price per share for the current year.

Note 5: For net worth per share and earnings per share, data from the first quarter of 2024 that has been reviewed by CPA should be filled (up to the publication date of the annual report, there is no information available). For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled.

#### 4.1.6. Dividend Policy and Execution Status and Distribution of Dividends by this Shareholders' Meeting

##### (1) Dividend Policy by Articles of Incorporation

In order to fulfill long-term financial planning needs and operate as a sustainable business, the Company has in Article 25 of its Articles of Incorporation clearly stated its future dividend policy:

The Company is still in the development stage of the electronic industry, and shall consider the capital needs for new products and the addition of items for return on investment of the shareholders in the determination of its dividend policy. Accordingly, the distribution of stock dividends to shareholders shall not exceed 90% of the total income attributable to shareholders and cash dividends shall not fall below 10% of the stock dividends to shareholders for each fiscal year.

If the total income attributable to shareholders falls below NT\$0.5 per share, the aforementioned restrictions shall not be applicable.

The Company authorizes the Board of Director with the participation of directors representing two-thirds of the aggregate total of director seats and the consent by one-half majority of the participating directors, the Company may allocate dividends, bonus, legal reserve or capital reserve either in whole or in part in cash. Such issues shall be reported to the shareholders' meeting. In the case of issuing new shares, it shall be distributed after the resolution of the shareholders' meeting.

##### (2) Allocation of Dividends Proposed at the Shareholders' Meeting

###### A. Cash Dividend :

The resolution passed by the 11th meeting of the 6th Board of Directors on March 12, 2024, the cash dividends was allocated amounting to NT\$2,404,614,756, to shareholders at NT\$6 per share, and reported to the shareholders meeting. The ex-dividend date is June 10, 2024, and the cash dividend issue date is July 5, 2024.

B. Stock Dividend : The Company did not distribute stock dividends for the 2023 fiscal year.

(3) Expected Material Changes in Dividend Policy: N/A.

4.1.7. Impact on the Company's Business Performance and EPS by the Proposed Distribution of Shares

The shareholders' meeting convened in the present event contains no issue with the Company's capital to be increased with earnings. This issue is not applicable.

4.1.8. Remuneration of Employees, Directors and Supervisors

(1) Percentage or scope of remuneration to employees and directors as stated in the Article 24 of the Company's Articles of Incorporation

Current pre-tax benefits before deducting employee remuneration and director's remuneration of the Company in the year, a minimum sum 10% shall be appropriated as remuneration to the employees and appropriate 1% maximum as remuneration to directors. Where the Company continues outstanding losses in accumulation (including adjustment of unappropriated retained earnings), the sum to make good the loss shall be first withheld before the sum to be allocated as remuneration to employees and to the directors at the aforementioned ratios.

Aforementioned employee remuneration can be allocated in either stocks or cash, which including the employees under the control or subsidiary firms of the Company who consistent with the certain conditions; aforementioned directors' remuneration can only be allocated in cash.

(2) The basis of estimating the amount of the remuneration of employees and directors for the current period, the basis for calculating the quantity of stock dividends to be allocated, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof

A. The basis of estimating the amount of the remuneration of employees and directors for the current period: The percentage and scope from the earnings made by the Company for the year is estimated as stated in the Articles of Incorporation.

B. The basis for calculating the quantity of stock to be allocated: It is calculated with the closing price one day before the board of directors decided to issue new shares. Employee divided of less than one share shall be distributed in cash.

C. The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof: When the discrepancy exists between the actual distributed amount and the estimated figure, it will be as profit or loss in the next year.

(3) Information about allocation of remuneration resolved by the Board of Directors

A. The resolution by the Company's Board of Directors on Mar. 12, 2024 for the allocation of remuneration to employees and directors

(A) The remuneration distributed to employee in cash: NT\$209,964,225.

(B) The remuneration distributed to employee in stocks: NT\$287,878,650. The shares issued for remunerations to employees shall be calculated based on the Company's closing price of NT\$166.5 on the previous day when the board of directors decided to issue new shares, to issue a total of 1,729,000 new shares. The fraction of remunerations to employees of less than one share shall be allocated in cash at NT\$150.

(C) The remuneration distributed to directors: NT\$42,369,606. It shall be paid off in cash.

(D) The aggregate total of NT\$540,212,481 has no discrepancy between the estimated amounts recognized in the year of the expenses incurred.

B. The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration

As officially resolved in the 11th meeting of the 6th Board of Directors on Mar. 12,

2024, an amount of 497,842,875 shall be the remunerations to the employees with NT\$287,878,650 distributed in stocks. If the fraction of remunerations to employees of less than one share after deducting employee remuneration in stocks, it shall be allocated in cash at NT\$150. The actual amount of employee remuneration distributed in stocks is NT\$287,878,500, accounting for 8.74% of the income after tax NT\$3,294,676,502, and 57.83% of the total remuneration to employees, as referred to in the 2023 entity financial statement.

- (4) The actual allocation of the remuneration to employee and directors in the previous year (including the number, amount and stock price of allocated shares), the deviation between the actual allocation and the estimated figures, if any, and cause and treatment
- A. The actual amount distributed to employee in cash: NT\$211,576,248.
  - B. The actual remuneration distributed to employee in stocks: NT\$288,121,970. The shares issued for remunerations to employees shall be calculated based on the Company's closing price of NT\$78.9 on the previous day of Mar. 1, 2023 when the board of directors decided to issue new shares, to issue a total of 3,651,736 new shares.
  - C. The actual remuneration distributed to directors: NT\$40,263,753. It shall be paid off in cash.
  - D. The aggregate total of actual remuneration allocated to employees and directors comes to NT\$539,961,971, with a different of NT\$2,263,754 from the estimated amount in the 2022 Financial Statements, and the difference was listed as profit and loss for 2023.

#### 4.1.9. Repurchase of the Company's Shares

- (1) Implemented : None.
- (2) Under implementation : None.

4.2. Issuance of Corporate Bonds: None.

4.3. Issuance of Preferred Shares: None.

4.4. Issuance of Overseas Depository Receipts: None.

4.5. Issuance of Employee Stock Option Certificates: None.

4.6. Issuance of New Restricted Employee Shares: None.

4.7. Merger & Acquisition or Assigned Shares from Other Companies to Issue New Shares: None.

4.8. Implementation of Capital Utilization Plan:

- 4.8.1. The Company has Plans for Private Placement of Securities but Uncompleted or Completed within the Most Recent Three Years but with no Realized Benefit: None.
- 4.8.2. For the Implementation of Capital Utilization Plan, Analyze the Implementation Status and Compared with the Estimated Benefit of the Original Plan: None.

## 5. Overview of Operations

### 5.1. Business Activities

#### 5.1.1. Scope of Business

(1) Main businesses of the Company include

The main business of the Company and subsidiaries are the R&D, manufacturing and trading of switching power supplies, various other electronic components, and LED application products, as well as intelligent building system business.

(2) Business Breakdown

Unit: NT\$1,000

Product Category \ Year	2023	
	Operating Revenue	Percentage (%)
Electronic Components Products	30,442,278	83.84
Consumer Electronic Products and Other Electronic Products	4,086,283	11.25
Others	1,782,258	4.91
Total	36,310,819	100.00

(3) Current Products and Service Items of the Company

- A. Power supply for standard desktop PCs: Multiple and single output power supplies that comply with international power-saving, relevant safety regulations, different characteristics, and different Form Factor needs, and provide flat and miniaturized power supplies for use in All in One personal computer systems.
- B. Power supply for gaming PCs: Compliance ATX 3.0, PCIe 5.0, with modularize cable connector. (Support GPU 12VHPWR connector).
- C. Power supply for game consoles: Provides internal power supplies for new generation game consoles, and supports the power supply of game console accessories for three-dimensional VR.
- D. Power supply for notebook PCs: 30W to 330W power supply for various size notebook PCs, (from 10-inch to 15-inch standard notebook PCs) and power supplies for gaming notebook PCs.
- E. Power supply for notebook docking station: 120W to 360W.
- F. Power supply for set-top-boxes: Internet power supply for Internet service or program providers.
- G. Power systems for cloud and edge computing servers: 500W to 4,000W power systems.
  - (A) Power supply for communication:  
Provide small power supplies for routers, network and HUBs to hundreds of watts of enterprise-type power supplies for central networks.
  - (B) Power supply with the server modular design:  
Provide 500W/800W/1,000W/1,200W/1,600W/2,000W/2,400W/2,700W/3,200W/3,600W CRPS standard power module with the ultra-high power density modular design, as well as 3,000W/4,000W high-end AI servers and hyper-scale cloud data center (N+M) redundant power system that comply with OCP (Open Compute Project) specifications.
  - (C) Power supply for storage devices: Highly reliable (N+M) redundant power supply.
- H. Power supply for laser printers: Provides power supply for laser printers and laser engine drivers, including 110W to 400W power modules, etc.
- I. Power supply for inkjet printer: Provides the internal power supply ranging from 10W to 60W.
- J. Internet of Things (IoT): Power supply includes the accessory unit.
- K. Battery charging device: Power supply and charger for machine tools, drones, and mobile devices.
- L. Power supply for smart household devices: 5W to 60W power adapters and open frame are used for smart speaker, smart doorbell, smart temperature controller, smoke detector, smart

monitoring system, security system, smart switch and socket, smart makeup mirror, BBQ grills and power supplies for indoor sports/fitness equipment (treadmills, bicycles, etc.).

- M. Intranet PoE Power supply: 50W to 1,000W system internal power.
  - N. Power supply for Low Earth Orbit Satellite: Including power supply ranging from 60W to 340W which are used in ground station antenna, POE, and routers, etc.
  - O. LED backlight module: In line with NB/PC customer requirements, the backlight module is an optical module characterized with high brightness, high uniformity, and ultra-thinness, and widely used in keyboards, touchpads, and appearance designs.
  - P. LED automobile lighting and module: Provide the design and product development services for a variety of automobile interior and exterior lighting of automobile manufacturers. We will design and produce various LED adaptive driving beam modules.
  - Q. Intelligent building system: Provide the intelligent building integration management platform and host, smart computing logic controller, wireless control module, wireless gateway, ambient sensor, and mobile device App.
  - R. Environmental control monitoring system: Provide the environmental monitoring system and host, wireless control module, human radar detector, ambient sensor, wireless gateway, and mobile device APP.
  - S. Lighting control system: Provide the lighting control system and host, lighting control gateway, dimming and lighting switch controller, wall control switch, and mobile device App.
  - T. Energy management system: Provide the energy management system and host, wired/wireless smart meter, and mobile device App.
  - U. Image recognition system: Provide image recognition software for face recognition, people tracking, zone warning, and license plate recognition.
  - V. Smart HVAC system: Provide smart AHU solution, smart AHU controller, various types of sensors for air-conditioning systems and mobile device App.
  - W. Engineer consultation, planning, design, system integration, purchase, construction, and maintenance operations provided for mechanical, light-current, and intelligent building systems.
  - X. Property management system: Provide the property management system and host, integrate building property data, residential (tenant) service management and Internet of Things information integration, as well as provide users with multi-channel interaction methods such as mobile terminal APP.
  - Y. Facility management system: Provide the facility management system and host, unify the life cycle management of building facilities, as well as provide multi-channel interaction methods such as user mobile terminal APP.
  - Z. Carbon emission monitoring and management system: Monitor the carbon emission status of buildings and provide effective equipment control strategies to help buildings continuously optimize carbon reduction.
- (4) New Products and Services Planned for Development
- A. Power supply for desktop PCs and workstation: Continuously provide platinum high-efficiency and miniaturized high-efficiency All in One power supplies. At the same time, in response to the new ErP directive, we developed titanium high-efficient power supply models.
  - B. Power supply for gaming consoles: Develop high power density 300W miniaturized power supply and handheld game consoles/VR headsets portable charger for new generation gaming console products.
  - C. Power supply for notebook PCs: Power supply with ultra-low standby power consumption (approximately 20mW), thin design. They use the-state-of-the-art topology and components. Totem Pole, AHB, ACF, GaN new USB Type C PD adapter with a variable output for 140W-360W.
  - D. Power supply for 5G uses telecom IT infrastructure and edge computing system: 800 ~ 3,200W Series provide support for OTII (Open Telecom IT Infrastructure) power supply system.
  - E. Power supply system for high-end AI servers and ultra-large cloud data center: The 3,000 ~ 4,400W high power density modular design power module provides support for high-end AI servers and hyper-scale cloud data center (N+M) redundant power supply system.
  - F. Power supply for IoT devices.
  - G. Various battery charging devices for high-end drone charging stations, chargers for electric

motorcycles, and electric bicycle charger.

- H. Embedded power supply for industrial panel PC: Provide the Industry 4.0 automatic panel PC system with 50W~800W power.
- I. Power supply for eSports PC: Titanium efficiency 1,000W~1,600W using GaN/SiC FETs and full digitalization control to meet the ATX built-in power supply of Intel ATX3.0 & PCIe5.0.
- J. Standard power supply rack and power module for the Open Compute Project of the information center: 18KW to 36KW power supply rack embedded with N+1 redundant power supply system.
- K. High efficiency fanless PoE power supply with natural cooling.
- L. Standard/ High-end mini LED energy-efficient backlit module, ultra slim backlit module, light auto-tuning backlit module, ambient light module with 3D optical modularized structure
- M. Development of the LED adaptive driving beam module, laser high beam module and automotive short-throw projection module.
- N. Development of the LED adaptive headlight, laser high beam auxiliary module, and automotive short-throw projection module.
- O. Intelligent integration of electromechanical and light-current equipment: We integrated the electromechanical and light-current equipment as well as smart sensor, and improved the operation efficiency of the building using data analysis and AI technology to achieve the sustainable goals of energy saving and carbon reduction.

#### 5.1.2. Industry Overview

The main products of the Company include various types of power supplies; the following is the analysis overview of the Company's main products in the industry:

##### (1) Industry status and development

The Power Supply Unit (PSU) can stabilize and convert unstable external power into stable power required within electronic products. The operations of most electronic products require direct current (DC), but due to the physical restrictions of generating and transmitting electricity, the power provided by the electrical company can only use high voltage alternating current (AC); therefore, electronic products require power supply devices to convert AC to DC and also adjust the voltage to within the range for product operation so that the product can operate smoothly. Also, as modern electronic components become more and more precise, they can get damaged more easily by unstable current; therefore, having a stable power supply unit not only is the key of whether the product can operate normally, but also affects the usage life of the product. The PSU can be described as the heart of electronic products.

PSUs are categorized by the amount of power supplied and their basic structures; they are mainly divided into Linear Power Supply (LPS), Switch Power Supply (SPS) and Uninterruptible Power Systems (UPS), in which the SPS is the mainstream for current products; the following introduction to the PSU industry is mostly about SPS.

If PSUs are categorized according to input/output features, they can be divided into AC/DC (alternating current to direct current), DC/DC (direct current to direct current), AC/AC (alternating current to alternating current) and DC/AC (direct current to alternating current) etc.; the designs of the PSU varies according to the need of the electronic product or instrument. The AC/DC PSU is the most common type; it is mainly used to convert the main power into direct current that complies with the voltage for product operation. AC/DC PSU products include SPS and adapters etc. that are applied on PC, NB, electronic, appliances and network equipment etc. The DC/DC conversion PSUs are mainly used for communication, ultra-low voltage and ultra-high current needs; they covert the directly current already converted by the AC/DC power device into various special voltages, usually used on instruments and equipment that require extremely stable power or special operating voltages, such as computer chips etc. AC/AC is mainly applied on UPS (uninterruptible power system) and DC/AC is used on solar power conversion etc. Please refer to the following table for details on the categorization and usages of PSUs.

### Main Category of PSU

Input/Output Current Type	Categories	Usage
AC/DC	PSU for PC	The most common PSU type; it is highly efficient and protected with iron casing. Its power is between 50W~2,000W.
AC/DC	Open Frame	Built-in PSU for network communication products, industrial computers, industrial machineries and monitors etc. It is not protected with iron casing and allows more freedom for design; it can be custom-made according to space and power needs.
AC/DC	Adapter	A common external PSU; covered with plastic casing and mostly applied on notebook computers and various consumer electronic products.
DC/DC	Converter	Increases or decreases the voltage of the DC converted by the AC/DC device; mostly applied on electronic products that require precise voltages.
AC/AC	UPS	UPS is the abbreviation of uninterruptible power system; usually it is connected to the city main AC for charging so that it can provide AC power to electronic products such as computers when there's power outage.

In addition, as people are becoming aware of concepts including environmental protection, energy-saving and carbon-reduction in recent years, how to increase the conversion efficiency and reduce the power consumption during standby of PSUs while complying with the energy-saving specifications and environmental protection laws of each country is becoming the focus of development for manufacturers. The power supply required for the energy-saving products, such as LCD TVs and LED lamps has become the new market of this industry; in order to develop revenue sources, manufacturers have already used their advantages in power technology to gradually cut onto other products requiring high power converters.

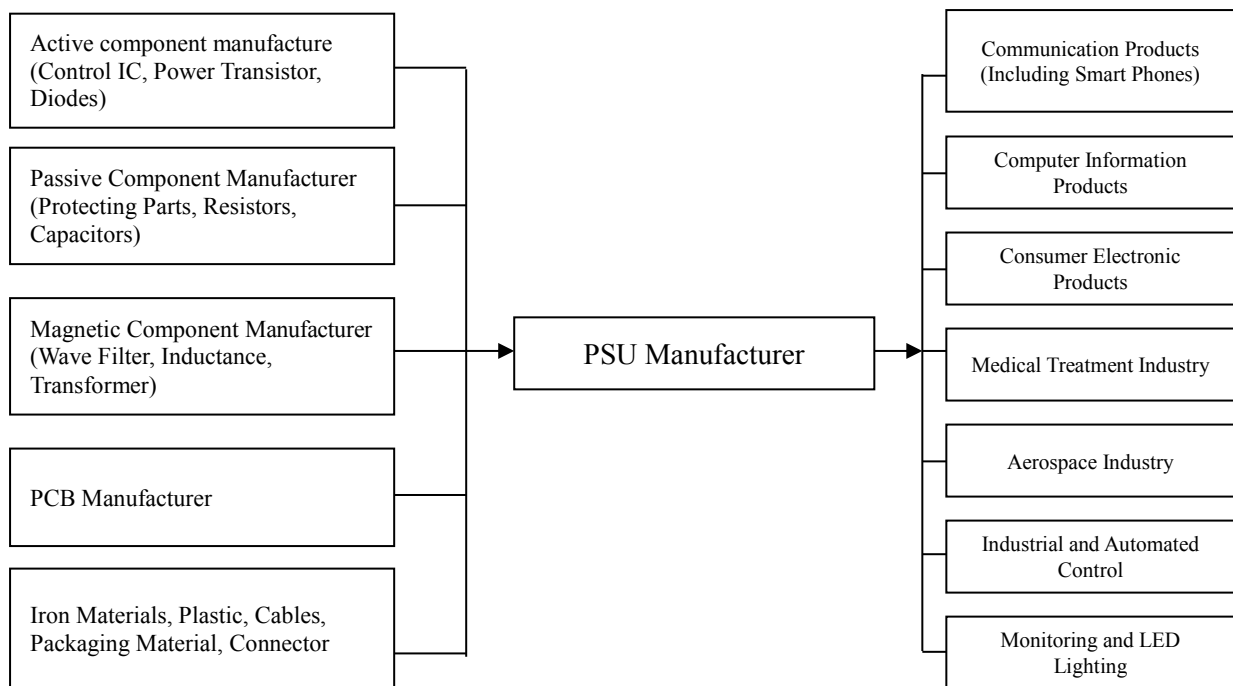
The power supply of USB TYPE C's identifiable system has become the one for the new-generation PC and mobile phone. The USB TYPE C connector may also become part of the phone standardization.

#### (2) Correlation between the upstream, midstream and downstream parts of the industry

PSU is usually formed by various active components (able to amplify, oscillate, and compute electrical signals; such as control IC, power transistors and diodes), passive components (will not change the basic characteristics of electrical signals; such as capacitors, resistors and protective components) and magnetic components (volatile filtering or increase/decrease voltage; such as transformers, inductance and wave filter); the components described above are assembled manually or automatically by machinery and fixed on a printed circuit board (PCB). If this PSU is not an Open Frame product, then a metal casing will be added for protection and electromagnetic shielding; finally, they are connected with external cables then packed and shipped. PSU can be sold individually or as a component for other electronic products; it has a wide range of uses. Taiwan manufacturers mainly produce PSUs required for communication products, computer information products and consumer electronic products. The correlation between the upstream, midstream and downstream parts of the overall PSU manufacturing industry is shown in the figure below.



### **Correlation Figure between the Upstream, Midstream And Downstream Parts of the PSU Manufacturing Industry**



Most manufacturers in Taiwan focus on the AC/DC and DC/DC products in the PSU market; generally speaking, AC/DC products have a wider application range and DC/DC products are used as internal components of electronic products, and also applied by many high-end industrial power supplies, so it has a high product technology level. When we look at the structure of the upstream, midstream and downstream parts of the PSU industry, Taiwan companies have self-supply capabilities for most of the “upstream raw material” components for control IC (components), except a small part which are imported from foreign countries. As for the “downstream application industry”, the development of Taiwan’s information industry is very mature and the industrial chain is complete, so they have high competitiveness on the assorting of PC related products, consumer electronics, network communication and industrial machineries.

#### **(3) Various product development trends**

##### **A. Products are developing towards miniaturized and beautified**

PSU is a key component of electronic products, and its function requirements are closely related to the features of the application product. As the development of electronic products gradually is trending toward becoming smaller, prettier, lighter, stackable and have lower power consumptions, the development and design of PSUs must be aimed at reducing the size of the module, be more artistic and have increased power conversion efficiency.

##### **B. Product quality and technology upgrades**

As standard PSU products become more and more mature, most of the main products of domestic manufacturers are for supporting information applications; plus with the rapid increase in competing companies, price competitions have become fierce. With the profit of downstream application products becoming lesser and lesser, not only do PSU manufacturers need to increase their own technology, quality, control cost and expand their own industrial economy scale, they must also enhance their development and designs for products with high added-values in order to strive for new application markets (High frequency and high density, using third-generation semiconductor (GaN, SiC)).

C. Safety specifications are becoming stricter and stricter

Consumer awareness for environment protection has been increasing as the prices of power increases; power-saving, environmental-friendly products have become the development trend for the future. Also, safety requirements for electronic products are stricter and stricter in various countries. In order to protect the safety of the users and also comply with the energy-saving specifications set by the government of different countries, products and manufacturers that can provide solutions for the technical designs will have competitive advantages and market opportunities.

D. Consideration of environmental protection and energy saving

As energy prices tend to rise, consumers' awareness of environmental protection is on the rise. Environmental protection and energy-saving products will be the development trend in the future. The power supply is a bridge connecting the mains electricity and terminal electronic products, and its conversion efficiency can have a great impact on energy utilization. The Company is committed to improve conversion efficiency, as well as adopts the mechanical components of recycled materials to achieve the purpose of energy saving and carbon reduction.

E. Product line and automated production of key components as well as parts

In response to labor shortage and increased wage, the automated production can solve the issues of delayed delivery and increased overall costs caused by labor shortage, while maintaining the consistency of the product quality to reduce the quality problems caused by human errors.

(4) Product competitions

There are higher barriers to enter the PSU industry because the PSU industry requires economies of scale or production technologies, some high-end or environmentally-friendly PSUs require patent rights or certifications, plus the R&D cost is high because the technology level of high-end products is high; therefore the trend of larger manufactures getting larger is becoming more and more obvious.

Taiwan is a main production country for global information products; and because of the drive of downstream companies, the shipping amount of PSUs from Taiwan has always been among the top. This is why competitors in the PSU industry, mostly manufacturers from Taiwan, all have their own advantages, since the application range of PSUs is very wide and most manufacturers focus only on specific power ranges or application fields. This is also why very few mid-sized companies and above have died out and they are able to find a position in the market.

5.1.3. Technology and R&D Overview

(1) R&D Expenses of the Most Recent Year and as of 2024 Q1

Unit: NT\$1,000

Year	IFRSs Consolidated Information for 2023	IFRSs Consolidated Information as of 2024 Q1
R&D Expenses	1,898,371	-
Net Sales	36,310,819	-
Proportion of Net Sales (%)	5.23	-

Note : As of the publication date of the annual report, there is no financial information for the 2024Q1 that has been reviewed by CPA.

(2) Successively Developed Technology or Product of the Most Recent Year up to the Date of Publication of the Annual Report

R&D Outcomes	Developed Technology
<ul style="list-style-type: none"> <li>Built-in PSU for PC, 150W~850W</li> <li>Built-in PSU for eSports PC 1,000 W~1,600W</li> </ul>	<ul style="list-style-type: none"> <li>LLC Technology</li> <li>Active Bridge technology with full digital control</li> <li>Interleaved PFC technology with full digital control</li> <li>LLC technology with full digital control</li> </ul>
<ul style="list-style-type: none"> <li>External PSU for notebooks, 30W~ 330W</li> <li>High-power smart DC power module for communications</li> </ul>	<ul style="list-style-type: none"> <li>Flyback</li> <li>Half-bridge LLC architecture</li> <li>Half-bridge resonant</li> <li>Digital monitoring design</li> <li>Support for the redundancy function</li> </ul>
<ul style="list-style-type: none"> <li>Miniaturized 30/40/60 W adapter with wall-mount design</li> <li>New charging platform of Tablet/ Smart Phone</li> </ul>	<ul style="list-style-type: none"> <li>Active clamp Flyback + GaNFET</li> <li>Type C PD, PPS &amp; QC</li> </ul>
<ul style="list-style-type: none"> <li>Power supply for multi-function 300W/400W Laser printers</li> <li>New 700W~2500W server PSU</li> </ul>	<ul style="list-style-type: none"> <li>LLC+AC Module</li> <li>Full digital control LLC architecture</li> </ul>
<ul style="list-style-type: none"> <li>USB Type C PD adapter with multiple outputs, 26W / 30W /45W /65W/90W and the latest 140W~240W high power products complying with PD3.1 specification</li> </ul>	<ul style="list-style-type: none"> <li>Designed in accordance with the USB PD Spec and ASIC</li> <li>Development of new architecture such as AHB/Totem Pole</li> </ul>
<ul style="list-style-type: none"> <li>Large and small charging device for lithium batteries, up to 1200W</li> <li>IoT-related PSU 7W~30W</li> </ul>	<ul style="list-style-type: none"> <li>LLC+ charging circuit</li> <li>Flyback+networked, and low-end product power consumption design</li> </ul>
<ul style="list-style-type: none"> <li>PSU platform for gaming consoles, 50W~850W</li> <li>PSU for inkjet printers, 15 W~50W</li> </ul>	<ul style="list-style-type: none"> <li>Flyback + high-frequency LLC architecture</li> <li>Flyback architecture and plastic casing</li> </ul>
<ul style="list-style-type: none"> <li>Direct AC lighting module and Smart Lighting module, 10 W~150W</li> <li>External high efficiency PSU for gaming PCs, 120W~330W</li> </ul>	<ul style="list-style-type: none"> <li>AC directly controlled LED light source</li> <li>Zigbee network architecture</li> <li>LLC architecture</li> </ul>
<ul style="list-style-type: none"> <li>Parallel module for drone charging stations, 10,000W~30,000W</li> <li>Desktop gaming PSU, 550W~1,000W</li> </ul>	<ul style="list-style-type: none"> <li>LLC architecture + charging auto control system</li> <li>LLC architecture + Flyback + Buck</li> </ul>
<ul style="list-style-type: none"> <li>Industrial Tablet PC embedded power supply, 50W~350W</li> <li>Low Earth Orbit PSU, 60W~340W</li> </ul>	<ul style="list-style-type: none"> <li>Active Clamp Forward</li> <li>APFC</li> <li>LLC architecture</li> <li>High Frequency LLC</li> <li>Totem pole bridgeless PFC</li> <li>Dual-boost semi-bridgeless PFC</li> </ul>
<ul style="list-style-type: none"> <li>LED daylight and positioning lamp module</li> <li>LED low beam module</li> <li>LED high beam module</li> <li>LED high/low beam module</li> <li>LED fog lamp module</li> <li>LED daylight and turn signal lamp module</li> <li>LED combination tail lamp module</li> <li>LED high mounted stop lamp module</li> <li>LED interior lamp module</li> <li>LED High Beam Auxiliary Module</li> </ul>	<ul style="list-style-type: none"> <li>Optical design for the LED high/low beam module</li> <li>Light-guide type LED daylight and turn signal lamp design</li> <li>Thick-wall type LED daylight and turn signal lamp design</li> <li>Temperature protection design</li> <li>Optical design for the LED low beam module</li> </ul>
<ul style="list-style-type: none"> <li>Mini LED backlight module of high brightness and energy saving</li> <li>The backlight module of the color-changing icon that can be switched on and off independently.</li> <li>3D curved ambient light module</li> </ul>	<ul style="list-style-type: none"> <li>Development of new generation of light source Mini LED with five-sided lighting to improve optical performance</li> <li>Development of barrier optical structures</li> <li>Development of emission type light guide plate</li> </ul>

### (3) Future Annual Research and Development Plan

The development directions for the company's future products are as follows:

#### A. PSU Products for Office Automation and Personal Computers

Although the overall market scale of personal computers has declined due to the increasing number of tablet computers, all computers related products operate on power; the only difference is function requirements. Therefore, the overall power supply market still shows a growing trend.

In recent years, energy-saving, carbon-reduction and green power have become requirement demands for the industry; all power supply products have future performance demands defined by related international organizations, similar to the 80Plus standard for power supply units, and especially with the titanium gold brand where the efficiencies of the 10%, 20%, 50% and 100% loads are 90%, 94%, 96% and 91% respectively, the development of PSU products must march towards higher efficiency under this trend. By focusing on the future efficiency trend and upholding the innovation principle, the Company invested human and material resources to strive on developing PSU products that surpass the platinum brand. We focused on the standby and overall output efficiency for the development of notebook adapters and followed the design concept for the appearance of the system to create lightweight and compact adapters. In response to the promotion of NB manufacturers in enterprise customers, we are committed to the development of adapters with higher power than consumer NBs. As for tablet PC products, although they have small output power, the appearance must be novel, lightweight and have regional plug switching functions, achieving generic PSU without boundaries.

The wireless network is a required function for the overall computer industry, and the power supply required for the equipment plays a very important role. Among the output devices of these equipment, printer related equipment is the most important. Therefore, the power supply requirements differ according to the different publication engines, and new technologies must be grasped in order to meet customer needs and extends to multi-function copiers in offices. In addition to the laser printer, we have also entered the market of the inkjet printer and become the one of the key suppliers for a large printer manufacturer.

#### B. Input Devices for Entertainment Purpose

With the coming of the cloud era, traditional playback mediums such as hardware DVD, Blue ray players and game consoles etc. have been gradually replaced by broadband network streaming. In addition to the update of digital content software, the mainstream trend of new hardware input devices will be various Set-Top Boxes, such as: Apple TV, Google TV, MOD, etc. The standardized thin external power adapter also works on a small amount of diverse products, and the integrated power supplies can be customized to meet the models that focus on the style of the appearance.

In addition to the gaming console, the gaming module developed by video game developers also provides a convenient and easy-to-operate arcade game console. The gaming PC has also becomes one of the mainstream gaming consoles.

#### C. Intelligent building System

Continue to develop the intelligent system with the networking, computing, control, and learning capabilities has provided a comprehensive intelligent solution for lighting, air conditioning, energy, security, carbon emission detection, and human-computer interaction, which will be used in the residential buildings, office buildings, shopping malls, campus, and cities. It will be the heart of the integration management system for the future smart city.

#### D. PSU Products for Cloud Information Equipment and Data Center

Cloud service and mobile networking have become the mainstream in the market. Not only do system developers import smart software and hardware architectures and strengthen their resilience. They also pay a lot of attention to the energy-saving demands for the PSUs of equipment. The power supply capabilities and insufficient spaces of most data centers limit business owners from expanding their equipment capacities. Therefore, the design of PSUs must further reduce the size and increase conversion efficiency, and further reduce the operating cost of the data centers. Also, related energy-saving regulations of Europe and the U.S. forces the equipment PSUs to achieve a certain standard for light loads and conversion performance. On the other hand, the new container-based cloud data centers can significantly reduce the space and cost. All of the IDC equipment can fit into a 20-foot container and has the advantage of flexibility for usage for enterprise users.

The Company is actively laying out PSUs for cloud equipment; not only for use by servers and storage systems, but also invested in the development of network communication PSUs. We have acquired many patents related to power management by working with related domestic and international companies, and has lead the industry in proposing various solutions for improving the power efficacy of equipment. For example using bridgeless AC/DC circuit architecture with lossless switching technology, and applying SiC components and integrated magnetic components etc. to effectively improve the efficiency of entire machines and increase power density, challenging various types of high performance and high power models. We also applied simulated software to analyze circuits, 3D models and thermal regime during the development and designing stage in order to effectively shorten development time.

For the design and development of future cloud equipment PSUs, we will focus more on software design and simulation applications, especially on the smart PSU monitoring and management units and digital PSU controls such as home security monitor system; they will be development priorities. In response to the demands for cloud service technology, the Company will create new innovative solutions for power management to face the many challenges for future PSU designs.

#### E. Chargers for Hand Tools and Garden Equipment

The machine tools with the digital intelligence have driven the growth of the machine tool industry. For garden equipment, petroleum and diesel are mainly now. For the environmental protection and convenient use, more and more people want electric-powered equipment, which drives the demands of medium-power charging devices.

#### F. In response to the rising trend of power demand for mobile device chargers, the latest high-frequency technology and third-generation semiconductor high-speed switches are used to develop 30-65W high-density miniaturized chargers.

#### G. Power Supply Products for Image Display

Provide power supply products with customized design to meet the demand of high resolution for the high-end 4K and 8K OLED image displays and support the demand of the acoustic multi-audio processing.

#### H. LED Backlight Module

With the advent of COVID-19, people's working methods have been changed. Telecommuting has become an emerging working pattern, and communication software such as Zoom and Teams is one of the necessary tools for NB. Currently, the way to operate these software on the computer are inconvenient such as volume switch and video switching. They are easily to confuse and accidentally touch, and embarrassing situations happen from time to time. So how to create a more intuitive usage situation on NB is the focus of the Company's future development.

On the NB entity with limited space, we can use the touchpad under the keyboard to create a multi-functional usage situation. For example, various video conference icons can be displayed when they are illuminated, and the on and off of the icons can also be distinguished with different light colors. In this way, the user is not easy to inadvertently touch and more intuitive and convenient to use. It can also be used as a general touch panel when it is not illuminated.

In addition to video conference, each NB manufacturer has begun to use touchpads as the launch medium for various applications. In response to this demand, the demand for multi-layer touch has gradually emerged, which can achieve multi-layer touch and different color icons. Identifying and taking into account the thickness and touch sensitivity of the two-layer and three-layer backlight module is one of the problems that the Company is eager to invest in R&D resources to solve. So far there is no such homogeneous product in the industry. The Company has invested in related development, so that the user's usage scenarios are no longer single, but more diverse, thereby creating functions that are different from traditional ones.

#### I. Automobile LED Headlights

Automobile LED adaptive headlight module: In response to the development of the automobile electronics, the use of LED headlights is a natural trend. To improve the driving safety and driver's comfort, the Company continues to perform the development of the LED adaptive driving beam (ADB) module. The ADB is designed to change the lighting pattern by detecting the external surroundings, to reduce glare coming from the opposite direction and change the lighting pattern based on the road conditions.

Laser high beam module: A more compact high beam module can be designed by using the laser alignment. This also gives the automobile manufacturers more flexibility to design cars. Moreover, the laser can meet the projection of 400~600m, which gives the driver enough time to respond for better safety.

Automotive Short-Throw Projection Module: Utilizing MLA technology to shrink the projection module's size, achieving a thickness of below 20mm and simultaneously enlarging the projected image area and enhancing sharpness and brightness.

#### 5.1.4. Long-term and Short-term Business Development Plans

##### (1) Short-term Business Development Plans

###### A. Product Marketing

- (A) Upgrade the sale proportion of high value-added power supply products to increase the Company's earnings.

###### B. Production Management

- (A) Utilize the inter-group co-procurement and expand close cooperation with suppliers to effectively reduce the procurement cost of raw materials.
- (B) Continuously increase automated production ratio, improve production efficiency and strengthen product quality to mitigate the pressure produced by increase in labor cost.

###### C. Development Strategies

- (A) Continue to focus on research & development in innovation and technology of products to upgrade the Company's position levels in the markets and in the know-how.
- (B) Comprehensively promote the automated production and continuously develop new manufacturing processes to boost product efficiency and quality.
- (C) Speed up quality certification of various products, domestic and overseas, to upgrade competitiveness of the products in international markets.
- (D) Continue to recruit excellent human resources and enhance employees' professional training to upgrade the Company's strength in R&D.

###### D. Human Resources

- (A) Work with colleges and universities and provide scholarships and fellowships to excellent students to recruit professional human resources.
- (B) Effectively utilize the system targets of all sorts of human resources to help all business divisions accomplish annual targets in profits.

###### E. Financial Management

- (A) Make maximum possible use of the derivative financial instruments and diversified, comprehensive, and multifaceted instruments in the capital markets to minimize potential fluctuations in foreign exchange and the risks in rising prices of raw materials.
- (B) Continuously strengthen control over accounts receivable, boost the turnover rate of a variety of assets to effectively control budgeting and implementation process.

###### F. ESG

- (A) Continue to implement energy saving and carbon reduction projects, and introduce the self-developed IWA intelligent building system into the factory to achieve reductions in energy consumption and greenhouse gases emissions targets through the four major aspects of "Perception", "Operation", "Control" and "Interaction".
- (B) Conduct big data analytics through self-developed carbon management platform to identify carbon emission hotspots, strengthen data quality, and improve overall inventory efficiency, etc. And then achieve the goal of low-carbon transition and net-zero carbon emissions.

## (2) Long-term Business Development Plans

### A. Product Marketing

- (A) Actively develop the business for products related to cloud smart, power supply of e-sports computers, and power supply for data center servers, etc., in response to the industrial development trend.
- (B) Actively continue to expand the market share of power supply products and develop customers for new products.
- (C) Take firm trends of market development and boost customer service efficiency, with continuous profound cultivation of and contacts with customers to provide customers with services in the best real-time.

### B. Production Management

- (A) Continue to research, develop and improve the production process to upgrade the production efficiency and product quality.
- (B) Continuously boost the ratio of automated production and continue to develop new manufacturing processes to minimize production costs, enhance production efficiency and quality.
- (C) Build the factory in Thailand to disperse the risk over production bases.

### C. Development Strategies

- (A) Continuously cooperate with heavyweight manufacturers, customers and suppliers throughout the world, make use of advanced key technology and development trends in the markets to create a technology advantage.
- (B) Take the firm trends of market development and boost research and development of power supply products for new domains of application to increase product items and help the Company gain added profits.
- (C) Continue to develop smart home power supply products and intelligent building integrated management platform to be in line with the global smart energy saving trend.
- (D) Augment the power supply solution projects for server and big databank centers to develop upward to high-end products.
- (E) Continue to research and develop high-power supply products related to advanced server and gaming computers.

### D. Human Resources

- (A) Look into and make sure of the trends in human resources relevant policies at home and abroad, and regularly review the relevant practices and systems of the Company, to win over maximum possible benefits common for both labor and management.
- (B) Fulfill corporate social responsibility, practice corporate governance and value care for employees to achieve the enterprise's objectives for sustainable operations and ESG.

### E. Financial Management

- (A) Devise and work out optimum taxation planning for the Company and the subsidiaries pursuant to the requirements of taxation laws of the countries concerned.
- (B) Continuously minimize liability ratios.

### F. ESG

- (A) Committed to developing high-efficiency and recyclable power solutions to deal with the importance of power supplies in energy conservation and carbon reduction.
- (B) Continue to focus on the R&D and promotion of smart energy-saving solutions, and integrate core values such as environmental friendliness and social responsibility into product design to actively enhance the environmentally friendly impact of products.



## 5.2. Market and Sales Overview

### 5.2.1. Market Analysis

#### (1) Sales Regions for the Main Products of the Company

Unit: NT\$1,000, %

Sales Region		2022		2023	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic Sales		728,063	1.77	2,392,498	6.59
Exports	Asia	29,780,364	72.52	23,658,699	65.16
	America	7,432,715	18.10	6,895,612	18.99
	Europe	675,674	1.65	452,616	1.25
	Others	2,449,294	5.96	2,911,394	8.01
	Subtotal	40,338,047	98.23	33,918,321	93.41
Total		41,066,110	100.00	36,310,819	100.00

#### (2) Market Share of Our Products

According to the 2023 research data of MTC, U.S.A., the Company ranked in the top 4 in global OEM/Embedded category, and is one of the leading manufacturers in the market.

#### (3) Future Supply, Demand and Growth in the Market

The PSU is an indispensable key component for power electronics, and its application range is quite wide and can be applied on information, communication, industrial/measurement, national defense/aerospace and other types of products. The Company also has diverse operation and the main applications of our products include notebook computers, desktop computers, servers and low earth orbit, etc. Therefore, the future supply of the PSU industry is closely related. The following is the analysis and description of the future supply, demand and growth for the application of the main products of the Company:

##### A. Notebook Computer and Desktop Computer Markets

The PC market gradually recovered in 2023 Q3, and the recovery will continue to 2024. The deferred demand from education and enterprises will return, coupled with the wave of AI PCs, which will inject a wave of machine replacements and promote market recovery. According to predictions from research institutions, PC shipments are expected to return to growth in 2024.

##### B. Cloud and Server Markets

The strong rise of generative AI has led 2023 to become the first year of AI. The four major CSPs (Cloud Service Providers) in the United States, including Amazon, Google, Microsoft, and Meta, are quite optimistic about the demand for AI servers. Capital expenditures will be comprehensive up in 2024. The growth of AI servers will further accelerate the overall server market Growth, coupled with the heavy volume driving force of new CPU platforms (Intel Eagle Stream, AMD Genoa), the server market will back on growth track.

##### C. Low Earth Orbit Satellite (LEOS)

In the China - U.S. technology war, low earth orbit satellites are also a battlefield. Although low earth orbit satellites are unlikely to replace traditional 5G communications, due to their complementary functions and geopolitical competition, major countries are deeply afraid of losing their dominance. Therefore, in the past two years, the low earth orbit satellite industry has been actively developed, which has led to the expansion of business opportunities. It is expected that the low earth orbit satellites have a promising future.

#### D. Intelligent Building Industry

The output value of the global intelligent building market is estimated to be approximately US\$80 billion in 2023, and is expected to reach US\$136.2 billion by 2028, growing at a compound annual growth rate of approximately 11.2% each year, with North America, China and the European Union being the largest markets. It is estimated that after normal life resumes in the post pandemic era in 2024, consumers will gradually adopt safety-monitored WELL building solutions. In addition, Global ESG and carbon reduction are hot topics of concern to various countries. In response to the general consensus of the United Nations to achieve net zero emissions by 2050, the demand for using intelligent ICT (Information and Communication Technology) to reduce carbon emissions and energy consumption in buildings will become greater and more practical, hereby promoting rapid market development.

#### E. LED Car Headlights Industry

In 2023, China's automobile production and sales have reached 30.161 million units and 30.094 million units, with annual growth rates of 11.6% and 12% respectively. Among them, the passenger car market has continued its well growth trend and played an important role in stabilizing the basic automobile consumption base. The commercial vehicle market has stopped falling and rebounded, with production and sales returning to 4 million units. New energy vehicles continue to maintain rapid growth, with production and sales exceeding 9 million units and a market share of more than 30%. It is expected that China's automobile market will continue to maintain a steady and positive development trend in 2024, showing a growth of more than 3%.

### (4) The Company's Competitive Niche and the Favorable Factors, Unfavorable Factors and Countermeasures That Will Affect the Development Vision of the Company

#### A. Competitive Niche

##### (A) Strong Management Team

The Company has a strong professional management team with rich experience; the macro perspective and excellent entrepreneurship formed by combining its strong industrial base and contacts have lead the continual innovation and changes of the Company, the continual increase of market share of our products, and the successful experience of expanding new businesses. In addition, we acquired the newest market information and mastered the market trends by cooperating fully and closely with our customers, continued to develop new products that meet the requirements by the customers, and won the appraisal of famous international customers again and again. The Company has accumulated capabilities to develop excellent world-class customers because the main sales customers of the Company are all famous major international manufacturers, and our strong management team described above also allowed the Company to become important partners that work closely with various major manufacturers when developing new products.

##### (B) Global Strategic Layout

The Company uses Taiwan as the center of operation for the Group, planning business strategies, operation plans, customer development and sales orders of the entire Group; it is also responsible for the planning, design and development of new products and new technologies. The Company uses regional resources effectively to deploy global marketing, logistics, production and technical service locations; Taiwan is the main development and sales center, China and Thailand is responsible for the division of labor of the production and to provide nearby services to the customers in order to become closer to the market, and global real-time supply warehouses (such as Asia, the U.S.A. and Europe etc.) are established in order to shorten product shipping time and to provide

a steady and fast source of goods for the customers, allowing customers to have minimum stock, reduce funding backlog and satisfying customer's demand for quality, price, delivery and location, providing customers with the best logistical support service and technology.

(C) Strong Development and Innovation Capabilities

The Company has development teams with rich experience and great qualifications, and most of our customers are large international first-class manufacturers; our long-term cooperation has already allowed us to develop great technical depth and customization capabilities, and we are the capability to develop software/hardware HMI. Not only can we actively help customers improve the product's design interface, we can actively develop standardized platform as well and make limited changes under the original design basis to speed up the development time for various new products in response to the rapid changes of the market. In addition, the Company has been dedicated to the production and technical development of PSU products, and we have accumulated rich experiences in technical contents, power electronics, cooling and material analysis etc. The development and innovative capabilities described above are great niches for the Company's future development in PSU businesses.

(D) Automated Management and Production Capacities

Not only does the Company focus on our own core competitiveness and enhancing our product development capabilities, we also continue to simplify and rationalize the production process of our products through product designs in order to reduce loss of material. In recent years, we continued to develop automated production and production line detection equipment and actively imported modular automated production, testing equipment and production processes in order to increase production efficiency and quality and also reducing labor cost.

In addition, the Company has accumulated self-design, development and improvement capabilities for the automated machinery equipment used for production by the Company; there are precision models set up at each production unit, and dedicated personnel stationed for the designs, production and importing of automated assembling equipment for mass production. We also develop and design automated machinery equipment with the equipment manufacturer according to the product structures, features and quality demands in order to master the production process and control the quality of the products; and we try to increase the production process technology and yield of the production line through continuous development and improvement. Particularly, the automated production of transformers is a great help to reducing the labor costs with more stable quality.

(E) Product layout for both long term and short term growth momentum and one stop shopping service.

The Company is a professional designer and manufacturer for PSU products; we are equipped with diverse PSU product lines and the power and application range of our products is wide, ranging across 3C and home appliance. The Chicony Group that the Company belongs to is also a leading brand in fields including computer keyboards, computer cameras, built-in camera modules for notebook computers and digital imaging products; therefore the Company has the advantage of diverse products and professional capabilities for global marketing and technical service, allowing us to provide one stop shopping service for our world's leading major manufacturer customers; we are equipped with the benefits of horizontal integration which also allowed the Company to have an important position in our industry.

## B. Favorable, Unfavorable Factors and Countermeasures for Our Development Vision

### (A) Favorable Conditions

- a. Our management team has rich industrial experience and has high level of mastery on product features

PSU products are highly relevant to downstream electronic products; they have wide application ranges and are indispensable components for various major information electronics and consumer home appliances. The development of emerging PSU application field industries including IoT, AI smart home and other different fields. The high-end PSU for servers that has higher gross profits are benefited from the increased establishment of cloud database IDCs; business opportunities can be expected for some companies. The related PSU shipment amount for the emerging application field industries described above will be able to grow steadily. The management team of the Company has rich experience in the production and development of related products, and has a high level of mastery for product features; therefore, they are able to quickly provide solutions that can satisfy customer demands.

- b. Complies with multiple international certifications, product qualities praised

The Company upholds the principle of “No Quality, No Sales” and customers first, and the designs of our PSU products complied with multiple safety certifications such as UL, CAS, NEMKO, PSE of Japan, TUV of Europe, CCC of China, and BIS of India, etc. As well as the energy efficiency requirements of various countries such as NRCan, DoE, CEC, ErP, etc. They have also complied with the FCC Class B/CISPR requirements of the U.S.A and CE of Europe. In addition, we have passed certifications of ISO 9001, ISO 14001, ISO 45001, ISO 50001, ISO 14064, and ISO 14067 to ensure that product quality, environmental management, occupational safety and health, energy management and carbon issues have reached international standards. We have products that support personal computers, notebook computers, game consoles, laser printers, LCD TV, servers and telecommunication equipment etc. We are a professional PSU manufacturer that complies with international standards and our products are sold to major international brands in Hong Kong, Singapore, Japan, Korea, the U.S.A., England and Europe. The qualities of our products are deeply praised.

- c. Maintain great and steady relationships with upstream and downstream manufacturers

The Company has already created stable supplier relationships with our main suppliers for raw materials; our sources are stable and have great qualities, and allow us to grasp the delivery date and price. The materials unit also controls the delivery date of raw materials strictly according to order conditions in order to lower inventory cost. We have sales channels in major markets in Asia, Europe and America, allowing us to actively collect market trends to design and develop products according to customer demands. We also maintain great long-term cooperating relations with our customers by having concentrated technical exchanges with our downstream customers, which allows us to further accumulate our development and manufacturing strengths.

- d. Industry-University Cooperation

In response to the industry-university integration policy promoted by the government, the Company have cooperated with National Taipei University of Technology to establish the Chiconypower Future Star Scholarship Award; and cooperated with the Institute of Electrical Engineering of National Taipei University of Technology and Institute of Electrical Engineering of National Cheng Kung University to specialize in industrial master's classes so as to continue to cultivate and recruit outstanding talents into the Company.

In addition, the Chicony & Taipei Tech Laboratory was established at National Taipei University of Technology, and worked with the Institute of Electrical Engineering of the National Taipei University of Technology on industry-university cooperative R&D projects to jointly develop products with advanced technologies and create a model of industry-university cooperation.

(B) Unfavorable Conditions and Countermeasure

Affected by inflation and high interest rates, the global economy is slowdown and companies are curtailing expenditure, which affects consumer willingness. Coupled with rising geopolitical risks, exchange rate and raw material price fluctuations will all affect the Company's profits.

The Company uses the geographical relationship of the new factory in Thailand to develop new customers, accelerate product development, take advantage of scale economies effect, expand market share, reduce costs, and increase competitiveness to cope with the impact of international economic fluctuations and political risks. At the same time, the Company undertakes foreign exchange transactions for hedging, while keeping abreast of changes in raw material prices, and maintaining good interactions with suppliers and customers to reduce the impact of fluctuations in exchange rates and raw material prices.

## 5.2.2. Important Usages and Production of Main Products

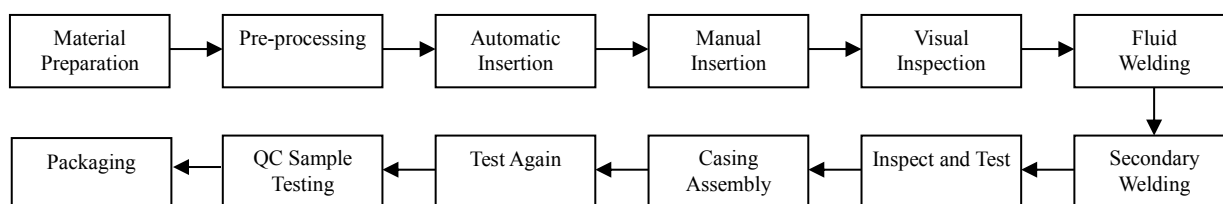
### (1) Important Usages of Products

Product	Function	Usage
PSU for desktop PCs (Desktop PC Power)	AC is a full-range 90 ~ 265VAC voltage, converted into single or multiple sets of output, the main power outputs include 180 W, 200 W, 250 W, 300 W, 350W, 550W, 650W, 750W, 850W, 1,000W, 1,300W and 1,600W.	Used for desktop personal computers.
PSU for notebook computer (Adapter and PSU for gaming PC)	AC is full-range 90~265VAC voltage, main output is 19V, 20V and greater than 75W. It includes power factor correction circuit and the output ranges from 30W to 400W etc.	Used on general notebook computers and AIO PC; those with output greater than 150W are used for notebook workstations.
PSU for game consoles	AC is full-range 90~265VAC voltage, main output is 12V. It includes power factor correction circuit and the output ranges from 100W to 500W etc.	Mainly used for game consoles.
PSU for set-top-box	Divided into built-in and external (Adapter) forms; to make it easier for repairs, they have gradually changed to the external (Adapter) in recent years. The AC is full range or 115 ranges, and the output is made according to the requirement of the set-top-box; usually under 60W.	Used on various set-top-boxes.
PSU for LED drive	1. AC is between 85VAC to 265VAC, or between 180VAC to 265VAC. It also provides constant power to work with the demands of numbers and brightness of LED. 2. The new technology that AC directly drives the LED module.	Provided for use with large amounts of indoor light bulbs, linear light, ceiling light, spot lamps and outdoor streetlights and patio lights.
Inkjet printer and laser printer power system	AC is between 85 VAC to 135VAC or 180 VAC to 265VAC; all outputs are made according to printer requirements and they all have laser engine drivers.	Used for large laser printers with different functions.
Cloud server power system and data power system	Ultra-high power density full digital control (N+M) redundant power system. It can be used for monitoring of input AC/output DC, which is the output of 500W~several KW. Communication PSU generally has a 48V output whereas storage/AI servers usually have 12V or 54.5V single/multiple sets of output monitoring systems.	Used for communication systems, storage devices and servers.
Charging device IOT PSU USB Type C power adapter	Charges lithium compound batteries.	Used to charge various tablet computers. Drone charging stations and charging devices for electric cars.
Industrial Tablet PC embedded power supply	AC is the full-range 85~265VAC voltage or DC is 18~32VDC voltage, the main output is 12V, 24V isolated power supply. The output power varies from 50W to 450W.	Provide various sizes of industrial touch panel computers.

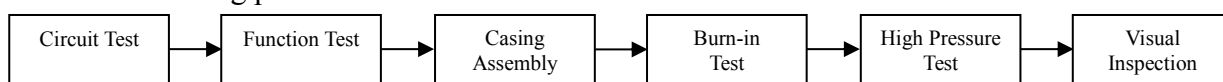
### (2) Production Process

#### Switching PSU:

##### a. Production Process



##### b. Testing process



### 5.2.3. Apply Status of Main Materials

The main products of the Company include PSU; the main raw materials for PSU include power cables, capacitors, fans, heat sinks, semiconductors, transformer, plastic casing, PCB, insulation film and socket. In order to lower production cost, the raw materials procurement price for production for the Company's subsidiaries, Chicony Power Technology (Dongguan) Co., Ltd., Chicony Power Technology (Suzhou) Co., Ltd., Chicony Power Technology (Chong Qing) Co., Ltd. and Chicony Power Technology (Thailand) Co., Ltd. is agreed by the Procurement Center of the Company and then each subsidiary will take orders on their own for procurement. There should be no supply shortage of interruptions that will affect the operation of the Company because we have two or more suppliers for most of the raw materials, and we have already created a stable supplier relationship with our suppliers so the source and quality of our raw materials are stable.

### 5.2.4. Names of Suppliers (Customer) with Purchase (Sales) Amount Over 10% of the Total Purchase (Sales) Amount and Their Purchase (Sales) Amount and Percentage.

#### (1) Information on Main Suppliers

(Net purchase amount reached over 10% of net purchases in the last two year)

The company's main suppliers in the last two years have not reached more than 10% of the net purchase value. In addition, the investee companies in China and Thailand maintained two or more suppliers for the procurement of most of the raw materials, and there are one-month inventories for all of the important materials. The estimated purchase amount for the next three months is provided to the supplier and we also requested the suppliers to have two or more production bases for risk diversification. The Company has great long-term exchange and interactions with our suppliers and there are no worries for unstable sources of supply.

#### (2) Information on Main Customers

(Net sales amount reached over 10% of net sales in the last two years)

Unit: NT\$1,000

Item	2022				2023				2024 Q1			
	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer
1	Company A	5,480,255	13.34	None	Company A	5,445,005	15.00	None	—	—	—	—
2	Company B	4,387,194	10.68	None	Company B	4,126,837	11.37	None	—	—	—	—
3	Company C	4,417,417	10.76	None	Company C	2,983,395	8.22	None	—	—	—	—
4	Others	26,781,244	65.22	—	Others	23,755,582	65.41	—	—	—	—	—
	Net sales	41,066,110	100.00	—	Net sales	36,310,819	100.00	—	—	—	—	—

Note: The financial information of 2024 Q1 has not been reviewed by CPA.

#### Explanation of the reason of the changes for trade debtors:

The ratio of sales to Company A and Company B in 2023 is approximately the same as those in 2022. The ratio of sales to Company C is slightly lower than that of 2022, mainly due to the decrease in the amount of orders entrusted by terminal customers

### 5.2.5. Production Values Table

Unit: NT\$1,000, 1,000 sets

Production Value \ Year	2022			2023		
	Capacity	Quantity	Output Value	Capacity	Quantity	Output Value
Main Products						
Electronic Components Products	189,391	119,198	27,993,596	181,681	107,678	24,271,015
Consumer Electronic Products and Other electronic Products	43,361	20,643	4,680,073	44,621	15,101	2,798,274
Others	1	0	225,123	1	0	1,424,542
Total	232,753	139,841	32,898,792	226,303	122,779	28,493,831

### 5.2.6. Sales Values Table

Unit: NT\$1,000, 1,000 sets

Production Value \ Year	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main products								
Electronic Components Products	1,271	717,983	122,071	32,757,716	2,239	1,208,089	103,909	29,234,189
Consumer Electronic Products and Other electronic Products	0	252	23,872	6,553,787	2	1,249	13,952	4,085,034
Others	1	9,828	66	1,026,544	0	1,183,160	0	599,098
Total	1,272	728,063	146,009	40,338,047	2,241	2,392,498	117,861	33,918,321

### 5.3. Number of Employees, Average Length of Service, Average Age and Education Background Distribution Rate

Number of practitioner employees in the last two years up until Mar. 29, 2024

Unit: person

Year		2022	2023	As of Mar. 29, 2024
Number of Employees	Directly	7,325	8,493	8,291
	Indirectly	2,415	2,504	2,530
	Total	9,740	10,997	10,821
Average Age (year)		37.89	38.05	38.38
Average Years of Service (Note)		6.55	5.94	6.15
Academic Background (%)	Doctorate	0.07	0.07	0.07
	Master Degree	4.16	3.33	3.54
	University/College	17.33	16.98	17.43
	Senior High School	45.97	53.43	53.54
	Below Senior High School	32.47	26.19	25.42

Note: Calculated since Feb. 1, 2009 when Chicony Power Technology Co., Ltd. undertook the spin-off PSU business of Hipro Electronics (Taiwan) Co., Ltd.

### 5.4. Information on Environmental Protection Expenditure

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



## 5.5. Labor Relationship

### 5.5.1. Lists the Various Employee Welfare Measures, Advanced Studies, Training, Retirement Systems and Their Implementation Status, and the Agreement and Various Measures for Preserving the Interests of Employees Between the Employers and Employees

#### (1) Employee Welfare Measures

The Company provides labor insurance and health insurance, labor pension provision, group insurance, regular health checks for employees, subsidy for catering, subsidy for parking, subsidy for business trips, subsidy for gasoline used on private cars for official business, subsidy for employee travel, on-site medical consultation, massage services, year-end bonus and banquet, bonuses, employee bonus, birthday gifts, Labor Day gift certificates, Dragon Boat Festival gift certificates, Mid-Autumn Festival gift certificates, Spring Festival gift certificates, implementation of employee stocks according to the law, and has subsidies for wedding, funeral, hospitalization and giving birth in order to take care of the living of our employees. Meanwhile, the Company also provides the childbirth stipend in order to encourage childbirth.

#### (2) Advanced Studies and Training for Employees

The Company has formulated "Training Management Measures" to train the professional knowledge and skills for employees so that they can carry out their functions, increase work efficiency and ensure work quality in order to achieve the goal of sustainable operation and development. Not only is there educational training for new employees to allow them to quickly blend into the organization team, the department heads and employees can also hold training courses and seminars etc. for the entire company or department according to the project requirements for the internal and external environmental trends of the enterprise. At the same time, the Company has formulated the "On-the-job Training Management Measures" to provide employees with on-the-job training subsidies in order to increase the professional capabilities and core competitiveness of the employees and strengthen the integrity for the training and advance study channels of the employees.

#### (3) Retirement System and Implementation Status

The Company follows the regulations of the "Labor Standards Act" and pays 4% of the employee's monthly salary to the retirement account set up at the Bank of Taiwan for the employee's retirement fund. Further, in order to be adapted to the Labor Pension Act (new system), the seniority of the employees who were supposed to apply the old retirement system but chose the new system or the employees who are hired after enforcement of the new system shall be subject to the defined contribution system. Under the defined contribution system, the Company will contribute no less than 6% of the employee's monthly salary to the exclusive personal retirement account at the Bureau of Labor Insurance according to the Labor Pension Act.

#### (4) Agreement Between Employer And Employee

The regulations of the Company follow the guidelines according to the Labor Standards Act; employees can communicate problems with the Company such as concerning the various systems of the Company and the working environment etc. through the labor conferences, welfare committee, and employee meetings in order to maintain excellent interactions between the employers and employees. Up to the date of publication, the relations between our employers and employees are harmonious, and no labor disputes have occurred.

#### (5) Various Measures for Preserving the Interests of Employees

The Company has related management approaches and systems set that clearly states the rights, obligations and welfare items for the employees; these approaches and systems are reviewed on a regular basis in order to preserve the interests of all employees.

5.5.2. In the Most Recent Year and up to the Date of Publication, Losses Suffered by the Company Due to Labor Disputes (Including Any Violations of the Labor Standards Act Found in Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing An Estimate of Possible Expenses That Could Be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, An Explanation of the Facts of Why It Can't be Made Shall be Provided: None.

## 5.6. Cyber Security Management

5.6.1. Describe the Cyber Security Risk Management Framework, Cyber Security Policies, Concrete Management Programs, and Investments in Resources for Cyber Security Management.

### (1) Cyber Security Risk Management Framework

- A. The head of the Company's MIS Division organized and formed an information security management team. The MIS Division is responsible for the leading and planning affairs and other related departments are responsible for the implementation pursuant to the plan to ensure the effective operation of the Company's information security management.
- B. The team is responsible for the formulation of the information security management policies and shall review and amend them on a regular basis.
- C. The Team shall hold regular meetings to review the implementation status, and shall report it and the result of the review to the President on a regular basis.
- D. Staffing of dedicated personnel for cyber security management : 2 persons.
  - (A) Dedicated supervisor for cyber security management: 1 person.
  - (B) Dedicated personnel for cyber security management: 1 person.

### (2) Cyber Security Policies

- A. Assure the continuous operation of the Company's business and ensure a stable use of the information service that the Company provides.
- B. Assure the confidentiality, integrity and availability of the information assets in the custody of the Company and protect the privacy of the personal data.
- C. Establish a sustainable operation plan for the information matters and implement information activities in compliance with the requirements of the laws and regulations.

### (3) Concrete Management Programs

- A. All the employees, suppliers and subcontractors of the Company shall sign the non-disclosure declaration to ensure that the person using the information of the Company to provide information services or implement relevant information matters takes the responsibility and fulfills the obligation to protect the acquired or used information assets of the Company to avoid unauthorized access, alteration, damage or disclosure.
- B. The Company disseminates cyber security on a quarterly basis to strengthen the Company's employees' awareness of cyber security publicity. The new employees must sign an information confidentiality agreement.
- C. The account, password and permit for individual all employees of the Company shall be put under custody and used appropriately, and shall be changed on a regular basis. An SOP shall be established for response to and reporting of information security incidents to ensure they are addressed appropriately and instantly.
- D. All employees of the Company shall observe legal requirements and information security policies. The managerial officers shall supervise the implementation of the information security compliance system and enhance the awareness of the information security and legal compliance among the employees.

- E. Establish an information assets inventory and check it on a regular basis, conduct risk management based on the information security risk assessment, and implement control measures properly.
  - F. Suitable backup or monitoring mechanisms shall be set up for important information systems or facilities. Exercises shall be conducted regularly to maintain the availability of these mechanisms.
  - G. All employees of the Company must install antivirus software on their computers and update of virus patterns regularly. They are not allowed to install unauthorized software.
  - H. All employees of the Company are prohibited from bringing personal computers for use in the Company's internal network to prevent improper influence of the Company caused by private activity.
  - I. The hardware replacement and software installation of all employees' computer assets shall be handled by MIS division to avoid to avoid cyber security concerns.
- (4) Investments in Resources for Cyber Security Management
- A. The Company has established an external and internal firewall, and introduced the SOC (Security Operations Center) that cooperates with outsourced vendors. The Company monitors network traffic and anti-virus records every day in a real-time manner. Abnormalities, if any, will be reported and addressed immediately.
  - B. The Company's important servers have introduced MDR (Managed Detection and Response) services, which mainly targets illegal attacks that are disguised as legitimate during a long incubation period and conducts real-time detection, response and reporting. Furthermore, the security systems will proactively hunt suspicious threats. All traces and suspicious activities are investigated and analyzed by a third-party company, they will be dealt with directly and propose suggestions on countermeasures.
  - C. The Company's e-mail filter has been introduced the BEC function. The sender field and display name in the mail header will be analyzed and processed. If any problems are found, they will be automatically recorded and blocked to prevent harmful emails from entering the Company.
  - D. The Company's e-mail filter has been introduced the ATP function. The attachments in the email and the hyperlinks in the text will be analyzed and processed. If any problems are found, they will be automatically recorded and blocked to prevent harmful emails from entering the Company.
  - E. The Company has established a quarterly fixed vulnerability assessment mechanism and regularly patches high-risk vulnerabilities.
  - F. The Company conducts email social engineering drills half-yearly.
  - G. The Company disseminates cyber security on a quarterly basis.
  - H. Considering the risk and uncertainty of cyber security, the Company has obtained ISO27001 (Information Security Management Systems) on August 2, 2023.
- (5) Quantification Data of Resource for cyber security management in 2023
- A. Vulnerability assessment: 4 times.
  - B. Email social engineering drill: 2 times.
  - C. Propaganda of cyber security concepts: 4 times.
  - D. Cyber security management personnel education and training courses: 2 times.
  - E. Online employee training courses of the Company: 2 times.
  - F. Cyber security management meetings: 12 times.
  - G. Review meeting of the mechanism for SOC: 4 times.

5.6.2. List Any Losses Suffered By the Company in the Most Recent Year and Up to the Date of Publication Due to Significant Cyber Security Incidents, the Possible Impacts Therefrom, and Measures Being or to Be Taken. If a Reasonable Estimate Can't be Made, an Explanation of the Facts of Why it Cannot be Made Shall be Provided.

In the recent year and up to the date of publication, the Company had no major cyber security incident.

5.7. Important Contracts

Significant contingent liabilities and unrecognized contractual commitments have been disclosed in the consolidated financial statements of 2023.

Contract Type	Counterparty	Contract Beginning and Ending Date	Chief Contents	Restricted Clause
Sales Contract	Company A	The Contract was effective for the Company as of Jun. 1, 2009. If one party fails to notify the other party to terminate the Contract in writing within 90 days prior to the proposed date, the Contract shall be renewed automatically.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Sales Contract	Company B	The Contract was effective for the Company as of Apr. 1, 2008.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Sales Contract	Company C	The Contract was effective for the Company as of Feb. 22, 2012.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Construction Contract	China State Construction Engineering (Thailand) Co., Ltd.	Feb. 11, 2022 Upon termination of the warranty liability	The Company contracted the "New Factory Premises Construction Project in Bang Pakong District, Chachoengsao Province, Thailand" to China State Construction Engineering (Thailand) Co., Ltd., and signed the Contract governing the right and obligation related to the Project.	-

## 6. Financial Status

### 6.1. Five-Year Financial Summary

#### 6.1.1. Condensed Balance Sheets and Statement Comprehensive Income

##### (1) Condensed Balance Sheet and Statement of Comprehensive Income - IFRS (Consolidated Financial Statement)

##### A. Condensed Balance Sheet

Unit: NT\$1,000

Item \ Year		Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ended March 31, 2024
		2019	2020	2021	2022	2023	
Current Assets		17,201,000	18,701,568	23,111,816	20,043,523	22,162,282	-
Property, Plant, and Equipment		3,129,044	4,551,521	5,108,165	5,723,993	5,920,487	-
Intangible Assets		112,635	67,936	82,823	66,649	104,847	-
Other Assets		661,132	1,066,572	874,524	644,695	823,740	-
Total Assets		21,773,024	25,171,091	30,012,548	27,416,260	29,989,472	-
Current Liabilities	Before Distribution	13,141,403	15,347,884	18,638,214	14,541,689	16,005,988	-
	After Distribution	14,382,475	16,916,473	20,694,234	16,896,026	18,410,603	-
Non-current Liabilities		314,209	292,576	260,874	179,645	178,389	-
Total Liabilities	Before Distribution	13,455,612	15,640,460	18,899,088	14,721,334	16,184,377	-
	After Distribution	14,696,684	17,209,049	20,955,108	17,075,671	18,588,992	-
Equity Attributable to Shareholders of the Parent		8,283,693	9,513,805	11,113,460	12,694,926	13,805,095	-
Capital Stock		3,867,154	3,887,510	3,921,472	3,953,884	3,990,401	-
Capital Reserve		2,007,888	2,218,073	2,484,753	2,714,230	2,965,835	-
Retained Earnings	Before Distribution	3,914,944	4,677,616	5,892,383	7,011,654	7,950,115	-
	After Distribution	2,673,872	3,109,027	3,836,363	4,657,317	5,545,500	-
Other Equity Items		(1,306,489)	(1,232,204)	(1,185,148)	(984,842)	(1,101,256)	-
Treasury Stocks		(199,804)	(37,190)	-	-	-	-
Non-controlling Equity		33,719	16,826	-	-	-	-
Total Equity	Before Distribution	8,317,412	9,530,631	11,113,460	12,694,926	13,805,095	-
	After Distribution	7,076,340	7,962,042	9,057,440	10,340,589	11,400,480	-

Note 1: The financial information of 2019 to 2023 are audited by the CPA. The financial information of 2024 Q1 has not been reviewed by CPA.

## B. Condensed Statement of Comprehensive Income

Unit: NT\$1,000

Item \ Year	Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ended March 31, 2024
	2019	2020	2021	2022	2023	
Sales Revenue	34,415,370	34,863,027	40,363,978	41,066,110	36,310,819	-
Gross Profit	5,634,388	6,419,353	7,138,512	7,628,871	7,699,918	-
Operating Income (Loss)	2,200,169	2,825,919	3,451,006	3,917,476	3,961,171	-
Non-operating Income and Expenses	19,638	(104,462)	128,659	145,814	206,805	-
Income Before Tax	2,219,807	2,721,457	3,579,665	4,063,290	4,167,976	-
Net Income from Continuing Operations	1,717,890	2,127,220	2,828,475	3,246,597	3,294,677	-
Loss from Discontinuing Operations	-	-	-	-	-	-
Net Income (Loss)	1,717,890	2,127,220	2,828,475	3,246,597	3,294,677	-
Other Comprehensive Income, Net of Income Tax	(158,999)	10,693	14,310	129,000	(118,293)	-
Total Comprehensive Income	1,558,891	2,137,913	2,842,785	3,375,597	3,176,384	-
Net Income Attributable to Shareholders of the Parent	1,720,487	2,136,627	2,827,207	3,246,597	3,294,677	-
Net Income Attributable to Non-controlling Shareholders	(2,597)	(9,407)	1,268	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	1,563,308	2,146,851	2,842,097	3,375,597	3,176,384	-
Comprehensive Income Attributable to Non-controlling Shareholders	(4,417)	(8,938)	688	-	-	-
Earnings Per Share (Dollars)	4.51	5.52	7.22	8.22	8.27	-

Note 1: The financial information of 2019 to 2023 are audited by the CPA. The financial information of 2024 Q1 has not been reviewed by CPA.

(2) Condensed Balance Sheet and Statement of Comprehensive Income - IFRSs (Individual Financial Statements)

A. Condensed Balance Sheet

Unit: NT\$1,000

Item \ Year		Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ended March 31, 2024
		2019	2020	2021	2022	2023	
Current Assets		14,478,778	14,733,819	17,036,125	15,555,138	17,221,619	NA
Property, Plant, and Equipment		173,530	165,562	92,564	94,615	95,649	
Intangible Assets		44,527	37,698	33,233	31,227	38,279	
Other Assets		91,471	83,306	196,614	161,659	193,927	
Total Assets		20,669,991	21,969,496	24,744,347	24,801,084	28,287,063	
Current Liabilities	Before Distribution	12,132,950	12,281,836	13,450,742	11,976,099	14,337,185	
	After Distribution	13,374,022	13,850,425	15,506,762	14,330,436	16,741,800	
Non-current Liabilities		253,348	173,855	180,145	130,059	144,783	
Total Liabilities	Before Distribution	12,386,298	12,455,691	13,630,887	12,106,158	14,481,968	
	After Distribution	13,627,370	14,024,280	15,686,907	14,460,495	16,886,583	
Equity Attributable to Shareholders of the Parent		8,283,693	9,513,805	11,113,460	12,694,926	13,805,095	
Capital Stock		3,867,154	3,887,510	3,921,472	3,953,884	3,990,401	
Capital Reserve		2,007,888	2,218,073	2,484,753	2,714,230	2,965,835	
Retained Earnings	Before Distribution	3,914,944	4,677,616	5,892,383	7,011,654	7,950,115	
	After Distribution	2,673,872	3,109,027	3,836,363	4,657,317	5,545,500	
Other Equity Items		(1,306,489)	(1,232,204)	(1,185,148)	(984,842)	(1,101,256)	
Treasury Stocks		(199,804)	(37,190)	-	-	-	
Non-controlling Equity		-	-	-	-	-	
Total Equity	Before Distribution	8,283,693	9,513,805	11,113,460	12,694,926	13,805,095	
	After Distribution	7,042,621	7,945,216	9,057,440	10,340,589	11,400,480	

Note 1: The financial information of 2019 to 2023 are audited by the CPA. According to the law, it is not necessary to compile individual financial information for 2024 Q1.

## B. Condensed Statement of Comprehensive Income

Unit: NT\$1,000

Item \ Year	Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ended March 31, 2024
	2019	2020	2021	2022	2023	
Sales Revenue	31,841,716	33,067,413	38,191,921	39,811,346	35,007,081	NA
Gross Profit	2,932,560	4,219,290	5,268,826	5,322,295	4,400,504	
Operating Income (Loss)	595,135	1,609,509	2,727,931	2,724,224	1,745,849	
Non-operating Income and Expenses	1,344,353	910,307	681,492	986,301	1,950,899	
Income Before Tax	1,939,488	2,519,816	3,409,423	3,710,525	3,696,748	
Net Income from Continuing Operations	1,720,487	2,136,627	2,827,207	3,246,597	3,294,677	
Loss from Discontinuing Operations	-	-	-	-	-	
Net Income (Loss)	1,720,487	2,136,627	2,827,207	3,246,597	3,294,677	
Other Comprehensive Income, Net of Income Tax	(157,179)	10,224	14,890	129,000	(118,293)	
Total Comprehensive Income	1,563,308	2,146,851	2,842,097	3,375,597	3,176,384	
Net income Attributable to Shareholders of the Parent	1,720,487	2,136,627	2,827,207	3,246,597	3,294,677	
Net Income Attributable to Non-controlling Shareholders	-	-	-	-	-	
Comprehensive Income Attributable to Shareholders of the Parent	1,563,308	2,146,851	2,842,097	3,375,597	3,176,384	
Comprehensive Income Attributable to Non-controlling Shareholders	-	-	-	-	-	
Earnings Per Share (Dollars)	4.51	5.52	7.22	8.22	8.27	

Note 1: The financial information of 2019 to 2023 are audited by the CPA. According to the law, it is not necessary to compile individual financial information for 2024 Q1.

### 6.1.2. CPA Auditing Opinions

#### (1) Independent Auditors Over the Past Five Years and Their Audit Opinions

Year	Accounting Firm	CPA	Audit Opinion
2019	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2023	PricewaterhouseCoopers Taiwan	Liang, Hua-Ling Liao, Fu-Ming	Unqualified opinion

#### (2) Reason for Changing CPA in recent five years: None.



## 6.2. Financial Analysis for the Most Recent 5 years

### 6.2.1. Financial Ratio Analysis

#### (1) Financial Analysis - IFRSs (Consolidated Financial Statements)

Item \ Year		Financial Analysis for the Most Recent 5 Years					Current year to March 31, 2024
		2019	2020	2021	2022	2023	
Financial Structure	Debt Assets Ratio (%)	61.80	62.14	62.97	53.70	53.97	-
	Long-term Capital to Property, Plants and Equipment (%)	275.85	215.82	222.67	224.92	236.19	-
Solvency Ability	Current Ratio (%)	130.89	121.85	124.00	137.83	138.46	-
	Quick Ratio (%)	83.86	75.34	72.54	89.49	98.05	-
	Interest Coverage	45.14	85.35	104.37	38.84	45.89	-
Operating Ability	Accounts Receivable Turnover Ratio(Times)	4.17	3.82	3.68	3.56	3.50	-
	Account Receivable Turnover Days	88	96	99	103	104	-
	Inventory Turnover Ratio (Times)	4.35	4.54	4.22	4.28	4.59	-
	Account Payable Turnover Ratio(Times)	2.83	2.68	2.80	3.13	2.97	-
	Sales Turnover Days	84	80	86	85	80	-
	Net Property, Plant and Equipment Turnover (Times)	12.23	9.08	8.36	7.58	6.24	-
	Total Asset Turnover Ratio (Times)	1.58	1.49	1.46	1.43	1.27	-
Profitability	Return on Assets (%)	8.07	9.21	10.35	11.61	11.74	-
	Return on Equity (%)	22.08	24.01	27.41	27.27	24.87	-
	Profit Before Tax to Pay-in Capital (%)	57.40	70.01	91.28	102.77	104.45	-
	Net Profit Margin (%)	5.00	6.13	7.00	7.91	9.07	-
	Earnings Per Share (dollars)	4.51	5.52	7.22	8.22	8.27	-
Cash Flow	Cash Flow Ratio (%)	27.26	20.11	7.58	34.06	43.50	-
	Cash Flow Adequacy Ratio (%)	87.12	77.57	58.78	71.54	103.96	-
	Cash Reinvestment Ratio (%)	22.16	12.88	(0.96)	15.40	22.53	-
Leverage	Operating Leverage	3.22	2.97	2.76	2.67	2.39	-
	Financial Leverage	1.02	1.01	1.01	1.03	1.02	-
Explanation of analysis of changes for the most recent two years (variations exceeded 20%): (1) The increase of Cash Flow Ratio, Cash Flow Adequacy Ratio, Cash Reinvestment Ratio: Mainly from the increase in net cash inflow from inventories and accounts payable in 2023, which cause the increase of net cash flow from operating activities.							

Note 1: The financial information of 2019 to 2023 are audited by the CPA. The financial information of 2024 Q1 has not been reviewed by CPA.

1. Financial structure
  - (1) Ratio of liabilities to assets = total liabilities / total assets.
  - (2) Long-term liabilities to net property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency ability
  - (1) Current ratio = current assets / current liability.
  - (2) Quick ratio = (current assets - inventory – prepaid expenses) / current liabilities.
  - (3) Interest protection = net income before income tax and interest expense / interest expense.
3. Operating ability
  - (1) Account receivable (including account receivable and notes receivable from operation) turnover = net sales / average of account receivable (including account receivable and notes receivable from operation) balance.
  - (2) Average account receivable day = 365 / account receivable turnover.
  - (3) Inventory turnover = cost of goods sold / average of inventory.
  - (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
  - (5) Average inventory turnover days = 365 / inventory turnover.
  - (6) Net property, plant and equipment turnover = net sales / average net property, plant and equipment.
  - (7) Total assets turnover = net sales / average total assets.
4. Profitability
  - (1) Return on assets = [after-tax income (loss) + interest expense × (1 - tax rate)] / average total assets.
  - (2) Return on equity = after-tax income (loss) / average equity.
  - (3) Net profit margin = after-tax income (loss) / net sales.
  - (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares.
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liability.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years / the most recent five years (capital spending + inventory additions + cash dividends).
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (net property, plant and equipment gross + long-term investment + other non-current assets + working capital).
6. Leverage
  - (1) Operating leverage = (net revenue - variable cost of goods sold and operating expense) / operating income.
  - (2) Financial leverage = operating income / (operating income - interest expenses).

(2) Financial Analysis - IFRSs (Individual Financial Statements)

Item \ Year		Financial analysis for the last 5 years					Current year to March 31, 2024
		2019	2020	2021	2022	2023	
Financial Structure	Debt Assets Ratio (%)	59.92	56.70	55.09	48.81	51.20	NA
	Long-term Capital to Property, Plants and Equipment (%)	4,919.63	5,851.38	12,200.86	13,554.92	14,584.45	
Solvency Ability	Current Ratio (%)	119.33	119.96	126.66	129.88	120.12	
	Quick Ratio (%)	90.90	95.68	103.49	108.38	102.77	
	Interest Coverage	42.87	118.58	156.55	39.14	47.81	
Operating Ability	Accounts Receivable Turnover Ratio(Times)	4.32	3.90	3.73	3.62	3.50	
	Account Receivable Turnover Days	84	94	98	101	104	
	Inventory Turnover Ratio (Times)	8.64	9.28	11.21	12.72	13.01	
	Account Payable Turnover Ratio(Times)	3.29	3.08	4.05	4.40	3.41	
	Sales Turnover Days	42	39	33	29	28	
	Net Property, Plant and Equipment Turnover (Times)	187.88	195.04	295.92	425.38	367.98	
	Total Asset Turnover Ratio (Times)	1.69	1.55	1.64	1.61	1.32	
Profitability	Return on Assets (%)	9.32	10.10	12.18	13.42	12.65	
	Return on Equity (%)	22.08	24.01	27.41	27.27	24.87	
	Profit Before Tax to Pay-in Capital (%)	50.15	64.82	86.94	93.85	92.64	
	Net Profit Margin (%)	5.40	6.46	7.40	8.15	9.41	
	Earnings Per Share (dollars)	4.51	5.52	7.22	8.22	8.27	
Cash Flow	Cash Flow Ratio (%)	25.94	10.93	2.27	34.19	31.55	
	Cash Flow Adequacy Ratio (%)	113.02	100.44	79.82	104.88	157.62	
	Cash Reinvestment Ratio (%)	27.12	1.01	(10.89)	15.52	15.16	
Leverage	Operating Leverage	3.08	1.93	1.45	1.50	1.74	
	Financial Leverage	1.08	1.01	1.01	1.04	1.05	
Explanation of analysis of changes for the most recent two years (variations exceeded 20%):							
(1) The increase of Interest Coverage: Mainly due to the increase in profits and the decrease in bank loan interest expenses in 2023.							
(2) The decrease of Account Payable Turnover Ratio(Times): Mainly due to the decrease in cost of sales and the increase in average accounts payable.							
(3) The increase of Cash Flow Adequacy Ratio: Mainly from the increase in net cash inflow from inventories and accounts payable in 2023, which cause the increase of net cash flow from operating activities.							

Note 1: The financial information of 2019 to 2023 are audited by the CPA. According to the law, it is not necessary to compile individual financial information for 2024 Q1.

1. Financial structure
  - (1) Ratio of liabilities to assets = total liabilities / total assets.
  - (2) Long-term liabilities to net property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency ability
  - (1) Current ratio = current assets / current liability.
  - (2) Quick ratio = (current assets - inventory – prepaid expenses) / current liabilities.
  - (3) Interest protection = net income before income tax and interest expense / interest expense.
3. Operating ability
  - (1) Account receivable (including account receivable and notes receivable from operation) turnover = net sales / average of account receivable (including account receivable and notes receivable from operation) balance.
  - (2) Average account receivable day = 365 / account receivable turnover.
  - (3) Inventory turnover = cost of goods sold / average of inventory.
  - (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
  - (5) Average inventory turnover days = 365 / inventory turnover.
  - (6) Net property, plant and equipment turnover = net sales / average net property, plant and equipment.
  - (7) Total assets turnover = net sales / average total assets.
4. Profitability
  - (1) Return on assets = [after-tax income (loss) + interest expense × (1 - tax rate)] / average total assets.
  - (2) Return on equity = after-tax income (loss) / average equity.
  - (3) Net profit margin = after-tax income (loss) / net sales.
  - (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares.
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities / current liability.
  - (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years / the most recent five years (capital spending + inventory additions + cash dividends).
  - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (net property, plant and equipment gross + long-term investment + other non-current assets + working capital).
6. Leverage
  - (1) Operating leverage = (net revenue - variable cost of goods sold and operating expense) / operating income.
  - (2) Financial leverage = operating income / (operating income - interest expenses).

**Chicony Power Technology Co., Ltd.**  
**Audit Report of the Audit Committee**

This is to certify that:

We, the Audit Committee of the company, hereby acknowledge that the Board of Directors has worked out and submitted hereto the Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings of Chicony Power Technology Co., Ltd. for 2023 and that among them, the Financial Statements have been duly audited by Liang, Hua-Ling and Liao, Fu-Ming CPAs PricewaterhouseCoopers Taiwan as duly delegated by the Board of Directors which already issued the Audit Report.

We hereby further declare and confirm that the aforementioned Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings have been further duly audited by us, the Audit Committee, and we hereby declare and confirm that all those documents prove satisfactory to the laws and ordinances concerned. We hereby issue this Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereby declare and submit the same for your verification.

Please review the report accordingly.

Attn.

Regular Shareholders Meeting of Year 2024

Chicony Power Technology Co., Ltd.

Convener of the Audit Committee: Hong, Ching-Shan

Mar. 13, 2024

6.4. Consolidated Financial Statements in 2023 Audited by the CPA

Please refer to Attachment 1 of the annual report.

6.5. Individual Financial Statements in 2023 Audited by the CPA

Please refer to Attachment 2 of the annual report.

6.6. Financial Difficulties of the Company and Its Affiliated Companies and the Impact to the Company: None.

## 7. Review and Analysis of Financial Status and Financial Performance and Risk Matters

### 7.1. Financial Status

#### 7.1.1. Analysis of change in the Company's assets, liabilities, and equity during the most recent two fiscal years

Explain the main reasons for any material change in the Company's assets, liabilities, and equity during the most recent two fiscal years (variations exceeded 20% between these two periods and for amount more than NT\$10 million). Where the effect is of material significance, describe the measures to be taken in response:

Unit: NT\$1,000, %

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	22,162,282	20,043,523	2,118,759	10.57
Investment	750,944	708,653	42,291	5.97
Property, Plant, and Equipment	5,920,487	5,723,993	196,494	3.43
Intangible Assets	104,847	66,649	38,198	57.31
Other Assets	823,740	644,695	179,045	27.77
Total Assets	29,989,472	27,416,260	2,573,212	9.39
Current Liabilities	16,005,988	14,541,689	1,464,299	10.07
Non-current Liabilities	178,389	179,645	(1,256)	(0.70)
Total Liabilities	16,184,377	14,721,334	1,463,043	9.94
Capital Stock	3,990,401	3,953,884	36,517	0.92
Capital Reserve	2,965,835	2,714,230	251,605	9.27
Retained Earnings	7,950,115	7,011,654	938,461	13.38
Total Equity	13,805,095	12,694,926	1,110,169	8.74
Explanation of changes of significant items (variations exceeded 20% between these two periods and for amount more than NT\$10 million):				
(1) The increase of Intangible Assets:				
Mainly due to the purchase of computer software in 2023.				
(2) The increase of Other Assets :				
Mainly due to the increase in prepaid equipment payments in 2023.				
The above variances are from Company's overall revenue growth or changes due to regular business activities. There is no significant effect on the financial condition of the Company.				

## 7.2. Financial Performance

### 7.2.1. Analysis of Financial Performance

The material change in sales revenues, operating income, and income before tax during the most recent two fiscal years, provide a sales volume forecast and the basis therefore, and describe the effect upon the Company's financial operations as well as measures to be taken in response:

#### (1) Analysis of the Result of Operation for the Most Recent Two Fiscal Years

Unit: NT\$1,000, %

Item \ Year	2023	2022	Increase (Decrease) in Amount	Change in Percentage (%)
Net Sales Revenue	36,310,819	41,066,110	(4,755,291)	(11.58)
Costs of Goods Sold	28,610,901	33,437,239	(4,826,338)	(14.43)
Gross Profit	7,699,918	7,628,871	71,047	0.93
Operating Expenses	3,738,747	3,711,395	27,352	0.74
Operating Income (Loss)	3,961,171	3,917,476	43,695	1.12
Non-operating Income and Expenses	206,805	145,814	60,991	41.83
Income Before Tax	4,167,976	4,063,290	104,686	2.58
Income Tax Expense	873,299	816,693	56,606	6.93
Net Income	3,294,677	3,246,597	48,080	1.48
Explanation of changes of significant items (variations exceeded 20% between these two periods and for amount more than NT\$10 million):				
(1) The increase of Non-operating Income and Expenses: Mainly due to the increase in bank deposit interest income and the decrease in bank loan interest expenses in 2023.				

#### (2) Sales Volume Forecast and the Basis Therefore, and the Effect upon the Company's Financial Operations as well as Measures to be Taken In Response

##### A. Sales volume forecast of next year and the basis

Except for referencing the market analysis of main research institutions, when setting up annual sales volume the Company also used demand forecast from customers, its own capacity planning and the past financial performance as basis for the estimate.

##### B. The effect upon the Company's financial operations as well as measures to be taken in response: None.

## 7.3. Cash Flow

### 7.3.1. Analysis of Cash Flow in the Previous Two Years

Unit: NT\$1,000

Item \ Year	2023	2022	Increase (Decrease) in Amount	Change in Percentage (%)
Cash Flow from Operating Activities	6,962,947	4,952,630	2,010,317	40.59
Cash Flow from Investment Activities	(1,646,976)	(1,526,757)	(120,219)	7.87
Cash Flow from Financing Activities	(2,301,721)	(2,871,562)	569,841	(19.84)
Main reason for change of cash flow in the most recent year:				
(1) The increase of cash flow from operating activities: Mainly due to the increase in net cash inflow from inventories and accounts payable in 2023.				
(2) The decrease of net cash outflow from financing activities: Mainly due to the increase in short-term bank loans in 2023.				

### 7.3.2. Improvement plan for lack of liquidity: N/A.



### 7.3.3. Analysis of liquidity in the Following year (2024)

Unit: NT\$1,000

Cash Balance, Beginning of Year (1)	Net Cash Flow from Operating Activities for the Year (2)	Net Cash Flow from Investing Activities for the Year (3)	Net Cash Flow from Financing Activities for the Year (4)	Remaining (Insufficient) Cash Balance	Cash Overage or Shortage and Countermeasures	
				(1)+(2)+(3)+(4)	Investment plans	Financing Plans
4,188,460	3,700,000	(1,900,000)	(2,700,000)	3,288,460	-	-
Analysis of cash flow in the coming year:						
1. Analysis of cash flow in the recent years:						
(1) Operating Activities: Mainly from the increase of operating income in the current period accompanied with the growth of operating revenues.						
(2) Investing Activities: Mainly from the increase of capital expenditures, and investment in the current period.						
(3) Financing activities: Mainly from the decrease of bank loans and the payment of cash dividends in the current period.						
2. Remedial measures if cash is estimated to be insufficient and the liquidity analysis:						
Not applicable as there is no such estimate of insufficient cash.						

7.4. The Effect upon Financial Operations of Any Major Capital Expenditures During the Most Recent Year: None.

7.5. The Investment Policy in the Most Recent Year, Main Reasons for Profits or Losses, Improvement Plans and Investment Plans for the Following Year

#### 7.5.1. Investment Policy

The Company designates certain division to carry out investment activities, assess the invested companies' past and future prospects, market condition and quality of management team in compliance with the "investment cycle" of internal control system and the "procedures of acquiring or disposing assets", as a basis for decision makers to derive conclusion from such investments.

7.5.2. Main reason for profit or loss from investment in the most recent year; the improvement plan and the investment plan for following year: None.

7.6. Analysis and Assessment of Risk Matters for the Most Recent Fiscal Year and Up to the Publication Date of the Annual Report

7.6.1. Impact of Interest and Exchange Rate Changes and Inflation on Company's, Profits (Losses) and the Countermeasures:

#### (1) Changes of Interest Rate

The net of interest income/expenses of the Company and its subsidiaries for 2023 is (NT\$29,456) thousand, accounting for (0.71)% of profit before tax. With the bank borrowing balance NT\$963,742 thousand of the Company as of Dec. 31, 2023, if the interest rate increases or decreases for 0.25%, the impact to the annual interest expenses and profit before tax of the Company would be NT\$2,409 thousand, merely 0.06% to the profit before tax for 2022. Therefore the change of interest rate has limited impact on the Company's profit or loss.

The Company periodically assesses the interest rate of the bank borrowings, maintain good relation with the banks to obtain preferential interest rate and reduce the interest expenditure. The Company also observes the fluctuation of interest rate in the financial market and its impact on the fund source of the Company, in order to take flexible measures. Therefore, the fluctuation of interest rate should not have significant impact on the Company's profit or loss.

#### (2) Changes in the exchange rate

The Company has foreign currency positions due to purchases and sales, which are mainly USD/NTD, USD/RMB and USD/THB positions. Sales of the Company and its subsidiaries are quoted in US Dollars. Payments of major raw materials are also made by US Dollars. Therefore, the fluctuation of exchange rate has little impact on the gross margin. Also to reduce the impact the fluctuation of exchange rate on profit (loss) the Company manages the net US Dollar asset or liability position, derived from offsetting US Dollar denominated Accounts Receivable and Payable from purchase and sales with US Dollar loans, by undertaking foreign exchange hedging. The fluctuation and hedging of the foreign exchange rate and foreign exchange (loss) gain for the 2023 is (NT\$13,548) thousand.

The Company's future sales and major raw material procurement will still mainly be conducted in US Dollars. Considering the fluctuation of the exchange rate in recent years is volatile and to reduce impact of the exchange rate movements on profit or loss, the Company will continue to observe overall economic situation for the exchange rate, borrow US Dollar denominated loan, and undertake forward foreign exchange hedging for its US Dollars net asset or liability position and potential cash flow.

### (3) Inflation

Most products of the Company and subsidiaries are for export; therefore, the domestic inflation should not have significant impact on the Company's profit or loss. However, if inflation takes place in the global market, it will affect the consumer purchasing power and willingness, reduce demand for the products, and have negative impact on the Company's overall revenue and profit and loss. The influence of global inflation is comprehensive and does not impact only on individual company; however, governments of each country should be able to cope with it. The Company is constantly on the alert and monitors the changes of global political and economic situation and the fluctuation of market price, keep good relationship with suppliers and customers, and adjust procurement and sales strategies as needed. Therefore up to the date of publication, the Company is not impacted by any immediate risk resulted from the above stated inflation or deflation.

The Company constantly monitors the changes of the upstream raw material prices and keeps good relationship with suppliers and customers to reduce the impact the changes of raw material prices may have on the Company's profit or loss. At the same time, the Company also references to reports and relevant economic data of major domestic and international economic research institutions and professional investment institutions and makes appropriate policy adjustment as need to cope with future inflation, in order to prevent the significant impact the inflation may have on the Company's profit or loss.

#### 7.6.2. Policy on High-risk, High-leverage Investments, Lending Funds, Endorsements and Guarantees for Other Parties, and Derivatives Transactions, the Main Reasons for the Profits or Losses Generated thereby and Future Countermeasures

- (1) The Company and its subsidiaries make investments and conduct derivatives transactions with careful assessment and per prescription of the "Regulations Governing the Acquisition and Disposal of Assets", "Procedures for Engaging in Derivatives Transactions" and with due delegation of authority. Up to the date of publication, except for conducting derivative products transactions to avoid risk resulting from fluctuation of exchange rate, and the investment of financial assets (partly), the Company does not engage in any high risk, high leveraged investment with respect to derivatives products transactions.
- (2) For the Company and its subsidiaries to lend fund to others, or endorse or make financial guarantee for others, they all have "Procedures for Lending Funds" and "Rules Governing Endorsement and Guarantee" in place. In the most recent fiscal year, for the fund lent by the Company to its subsidiaries for short-term financing needs and the lending and borrowing activities between subsidiaries, are all conducted in pursuance of "Procedures for Lending

Funds” of the Company or its subsidiaries. Up to the date of Publication, neither the Company nor its subsidiaries incurred any loss from engaging in the endorsement/guarantee or fund lending activities.

### 7.6.3. Future Research and Development Projects, and Corresponding Budget

#### (1) Future Research and Development Plans

Research and Development Items	Major Function/Specification
The cloud server power supply	Fully digital-controlled high power/high-efficiency resonate full-bridge & half-bridge 500W~4,400W
Miniaturization digital control NB power supply	μP Base’s energy saving control 45W~200W
Multi router power supply	LLC Multiple power control system
Intelligent Building System	Control intelligent buildings using network technology
New LED light source technology	After AC input rectification, the control circuit directly drives LEDs with different voltages
Various charging devices	The power ranges from 60W~120W, and is scalable up to 200W with the modular design. It complies with JEITA standards
Charging devices for electrical equipment (including drone applications)	Up to 30,000W charging stations and chargers for electric cars and motorcycles
IoT PSU	PSU, ranging from 7.5W~100W, for the IoT-related devices, such as warning sensors, CCTV, and smart speakers, etc.
PSU for set-top-box	Improvement for the miniaturization and assembly capability, 12W~50W
USB Type C power adapter with a variable output	The output may be adjusted depending on the notebook brand. 18W~240W of power is output using single USB Type C connector and may be used for smart-phones
Notebook and gaming PSU	The size is reduced by 30%; the complete series range from 65W~300W, introduce the third generation semiconductor to the product.
To development green products, energy conservation and carbon reduction	The AHB/ACF architecture improves product efficiency, and adopts recycled mechanical components.
Power supply for notebook docking station	In response to the popularization of Type C and the thinning of NB, use the docking station to achieve the effect of multiplex output.
Desktop gaming PSU	Reduced size of the titanium multiple sets, output 1,000W~1,600W full series
Power supply for high-end image display	Serial product for thin OLED application, 350W-800W
<ul style="list-style-type: none"> <li>• LED adaptive headlamp module</li> <li>• Laser high beam module</li> <li>• Automotive Short-Throw Projection Module</li> </ul>	<ul style="list-style-type: none"> <li>• Design the adaptive front lighting system with about 100 pixels</li> <li>• Design a high beam module using the laser light source to achieve 3 Lux illumination within a distance of 400~600 m</li> <li>• Utilizing MLA to achieve short throw projection in a confined space, creating a high-quality projected image.</li> </ul>
Multi-layer touch backlight module	A two-layer/three-layer light guide plate structure is designed to ensure different mode switching operations. There is no afterimage when different displays are switched.

#### (2) Budget for the Research and Development Plans

The amount the Company expects to incur for R&D activities is budgeted in accordance with the development of new products and technologies, and will be increased gradually through the years along with the revenue growth. In 2024, the Company will budget 4%~5% of the estimated net operating revenue as R&D expenditures in order to support the future R&D plans and enhance the Company's market competitiveness.

7.6.4. Effect on the Company's Financial Operations of Important Policies Adopted and Change in the Legal Environment at Home or Broad and Countermeasures

The Company's daily operations are performed in accordance with the relevant regulation at home and abroad. The Company also pays attention to the policy development trend and changes in regulations at home and abroad, collects relevant information for the reference of management to make decision and adopt appropriate strategies. For the most recent year and up to the publication date of the annual report, the important policy at home and abroad as well as changes to law and regulations have no significant impact on the Company's financial operation.

7.6.5. Effect on the Company's Financial Operations of Developments in Science and Technology (Including Cyber Security Risks) as well as Industry Change, and Countermeasures

In the current era of the Internet, illegal on-line attacks are on the rise so that it is harder and harder to provide security protection. Therefore, in addition to creation of a comprehensive network and PC security protection system, such as the firewall, SOC, MDR, e-mail BEC and ATP protection, AV software, as well as vulnerability assessment, etc., the Company periodic updates maintenance. The MIS Division of the Company regularly provides information security training and dissemination. If it is necessary to outsource our information business, we will research and propose the information security in advance, and ask our vendors to comply with the requirements of the information security responsibilities and confidentiality. In order to enhance the Company's cyber security management and control capabilities, it has obtained ISO27001 (Information Security Management Systems) on Aug. 2, 2023.

For other information, such as information cyber security risk management framework, cyber security policies and concrete management programs, please refer to the Company's website.

The Company monitors the market changes and the development trend of related technology from time to time. The Company also cultivates deep relationship with its customers to understand the development of technology in the industry that will have significant impact on its future development and financial operation so it may instruct its R&D personnel to develop products meeting the market demand. For the most recent year and up to the publication date of the annual report, the developments in science and technology (Including Cyber Security Risks) as well as industrial change have no significant impact on the Company's financial operation.

7.6.6. Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Countermeasures

Since the establishment, the Company has focused on its own businesses and complied with the laws and regulations. For the most recent year and up to the publication date of the annual report, there is no change in the Company's corporate image that would cause any crisis.

7.6.7. Expected Benefits and Possible Risks Associated with Any Merger or Acquisitions, and Countermeasures

As for the most recent year and up to the publication date of the annual report, the Company has no merger and acquisitions plan, so there is no other related potential risks.

7.6.8. Expected Benefits and Possible Risks with Any Plant Expansion, and Countermeasures

In response to the market growth and diversify operational risks, the Company invested and built a factory in Thailand to expand our production capabilities in 2022. The factory building has been completed. The Company grasps the market share and customer orders to respond to potential risks.

7.6.9. Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Countermeasures

(1) Purchase

The company's main suppliers in the last two years have not reached more than 10% of the net purchase value. In addition, the investee companies in China and Thailand maintained two or more suppliers for the procurement of most of the raw materials, and there are one-month inventories for all of the important materials. The estimated purchase amount for the next three months is provided to the supplier and we also requested the suppliers to have two or more production bases for risk diversification. The Company has great long-term exchange and interactions with our suppliers and there are no worries for unstable sources of supply.

(2) Sales

Except for the top three sales customers of the Company in 2023, which accounted for 15%、11.37% and 8.22% of the Company's total net sales, each of all other customers accounted for less than 10% of total net sales. Overall, the Company's sales customers are scattered, and there is no sales concentration risk. The Company will continue to develop new products, expand new market, and explore new customers to disperse risks of operation and sales concentration.

7.6.10. Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to Directors, Supervisors, or Shareholders Holding Greater than 10% Stake in the Company has been Transferred or has Otherwise Changed Hands, and Countermeasures

For the most recent year and up to the publication date of the annual report, there is no major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest.

7.6.11. Effect upon and Risk to the Company Associated with any Change in Governance Personnel or Top Management, and Countermeasures

Not applicable, as for the most recent year and up to the publication date of the annual report, the Company has no change in governance personnel or top management.

7.6.12. Litigations or Non-litigious Matters

- (1) For the most recent year and up to the publication date of the annual report, if there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending: None.
- (2) For the Company's director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, are they involved with any litigation, non-litigious proceeding, or administrative dispute involving matter that was finalized or remained pending during the most recent two fiscal years and up to the publication date of the annual report that may have substantial impact upon shareholders' equity or prices for the Company's securities: None.

7.6.13. Other Important Risks and Countermeasures: None.

7.7. Other Important Events: None.

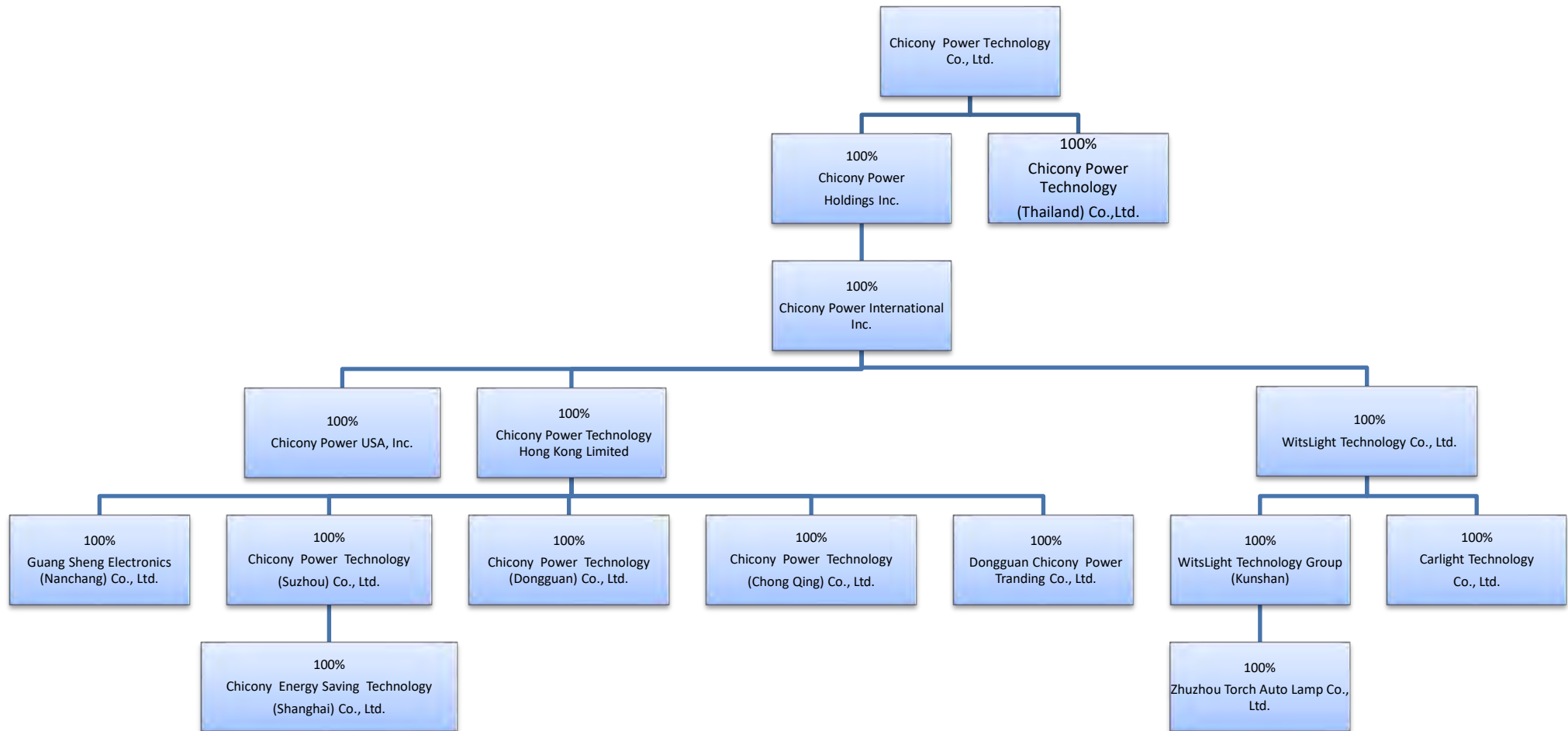
## 8. Special Items

### 8.1. Consolidated Business Reports of Affiliated Enterprises, Consolidated Financial Statements of Affiliates and Affiliation Report

#### 8.1.1. Consolidated Business Reports of Affiliated Enterprises in the Most Recent Year (2023)

##### (1) Overview of the Organization of Affiliated Companies

###### A. Organizational chart of affiliates



B. The controlling and subordinate companies as concluded in accordance with Article 369-3 of the Company Act: None.

C. The subordinate companies as concluded in accordance with Article 369-2 of the Company Act that the Company has a direct or indirect control over the management of the personnel, financial or business operation: None.

(2) Basic Information on Affiliates

Unit: \$1,000

Company Name	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Chicony Power Holdings Inc.	2009.7	Portcullis Chambers, 4th Floor, Ellen Skelton Building 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	US\$ 10,000	General investment
Chicony Power Technology (Thailand) Co., Ltd.	2019.10.1	111/1, 111/2 Moo 4, Tha Kham Subdistrict, Bang Pakong District, Chachoengsao Province 24130, Thailand	THB\$ 550,000	Production and sales of power supply and related electronic products
Chicony Power International Inc.	2009.7	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	US\$ 10,000	General investment
Chicony Power Technology Hong Kong Limited	2002.4.24	3 <sup>RD</sup> Floor, NO.5 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong	HK\$ 46,800	R&D Center and Investment Holdings
Chicony Power USA, Inc.	2003.11.21	53 Parker Irvine CA 92618, U.S.A.	US\$ 1,500	Sales of power supply and related electronic products
Witslight Technology Co., Ltd.	2009.12.11	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	US\$ 12,800	Designing, research and development, production and sales of LED lighting Module
Chicony Power Technology (Dongguan) Co., Ltd.	1998.12.7	Room 101, No. 353, Section Liaobu, Shida Road, Liaobu Town, Dongguan City, Guangdong Province, P.R.C.	US\$ 20,750	Production and sales of power supply and related electronic products
Chicony Power Technology (Suzhou) Co., Ltd.	2002.12.11	No. 2589, Tongjin Road, Wujiang Economic Development Zone, Jiangsu P.R.C.	US\$ 42,100	Production and sales of electrical equipment (high performance power supply, power modules and transformers) and LED backlight module
Guang Sheng Electronics (Nanchang) Co., Ltd.	2006.7.1	North of Second Torch Road, Nanchang High-tech Zone	US\$ 4,000	Production and sales of electrical equipment (magnetics, circuit board, keyboard) and transformers, etc.
Chicony Power Technology (Chong Qing) Co., Ltd.	2011.4.25	No.98 Jiujiang Road, ShuangFu Street, JiangJin District, Chongqing, P.R.C.	US\$ 10,000	Production and sales of electrical equipment (high performance power supply, power modules and transformers)
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	2011.5.25	Room 806, Building B, No.1308, Lianhua Road, Shanghai, P.R.C.	RMB 10,000	Energy-saving technology consultation, development, transfer and service, and sale and installation of energy management and energy-saving lighting equipment
Dongguan Chicony Power Trading Co., Ltd.	2013.1.11	Xincheng Scientific Industrial Garden, Liaobu Town, Dongguan City, Cuangdong, P.R.C.	US\$ 350	Wholesales and import/export of power supplies and related products, digital products, office supplies, computer and its accessories, as well as intelligent building system business
Carlight Technology Co., Ltd.	2016.6.24	24F., No. 69, Sec. 2, Guangfu Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	NT\$ 3,000	Design, researching and developing and foreign sales of automotive and motorcycle lamps and other components.
WitsLight Technology Group	2010.7.6	Room 1810, 18 Weiye Road, Kunshan Development Zone, Jiangsu, P.R.C.	US\$ 10,500	Production and sales of LED lighting Module
Zhuzhou Torch Auto Lamp Co. Ltd.	2002.3.22	101#,201#,301# of D1 Building, 201#,301# of D2 Building, 5th Period of Xinma Power Innovation Park, No. 899, Xianyue Road, Tianyuan District, Zhuzhou, Hunan, P.R.C.	RMB 46,000	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products.

(3) For parties that are presumed to have control and subordinate relationship, the information of the same Shareholders: N/A.

(4) Businesses engaged in by the affiliated companies. The Company and its affiliated companies engage in the business of: Manufacturing, buy-sales and management services.

## (5) Information of Directors, Supervisors and General Managers of Each Affiliated Company

Unit: NT\$1,000, shares, %

Company Name	Title	Name of Individual or Representative(s)	Shares Held	
			Shares/Amount of Contribution	Shareholding %/Contribution%
Chicony Power Holdings Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power Technology (Thailand) Co., Ltd.	Director	Lu, Chin-Chung	1	—
	Director	Tseng, Kuo-Hua	1	—
	Director	Huang, Chien-Yu	1	—
	Director	Huang, Shou-Fan	—	—
	Director	Chen, Hsueh-Yi	—	—
Chicony Power International Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power Technology Hong Kong Limited	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Chien-Yu	—	—
	Director	Huang, Shou-Fan	—	—
	Director	Chen, Hsueh-Yi	—	—
Chicony Power USA, Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Chang, Yao-Ching	—	—
Witslight Technology Corporation Limited	Director	Tseng, Kuo-Hua	—	—
	Director	Chen, Hsueh-Yi	—	—
	Director	Huang, Ming-Hui	—	—
	Director	Huang, Huan-Siang	—	—
Chicony Power Technology (Suzhou) Co., Ltd.	Chairman and President	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Chien-Yu	—	—
	Director	Lin, Che-Shih	—	—
	Director	Wang, Yang	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Power Technology (Dongguan) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Shou-Fan	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Guang Sheng Electronics (Nanchang) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director and President	Li, Tsu-Yu	—	—
	Director	Lin, Che-Shih	—	—
	Supervisor	Chen, Hsueh-Yi	—	—



Company Name	Title	Name of Individual or Representative(s)	Shares Held	
			Shares/Amount of Contribution	Shareholding %/Contribution%
Chicony Power Technology (Chong Qing) Co., Ltd.	Chairman and President	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Chien-Yu	—	—
	Director	Lin, Che-Shih	—	—
	Director	Wang, Yang	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director and President	Hsu, Ting-Fu	—	—
	Supervisor	Huang, Ming- Huei	—	—
Dongguan Chicony Power Trading Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Chien-Yu	—	—
	Director and President	Huang, Shou-Fan	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Carlight Technology Co., Ltd.	Chairman (Representative)	Chen, Hsueh-Yi	—	—
	Director (Representative)	Tseng, Kuo-Hua	—	—
	Director (Representative)	Huang, Huan-Siang	—	—
	Director (Representative)	Huang, Ming-Huei	—	—
	Supervisor (Representative)	Chien, Ming-Hui	—	—
	The representative of above is Witslight Technology Co., Ltd.			
Witslight Technology Group (Kunshan)	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director and President	Huang, Huan-Siang	—	—
	Director	Huang, Ming-Huei	—	—
	Supervisor	Chien, Ming-Hui	—	—
Zhuzhou Torch Auto Lamp Co. Ltd.	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Huan-Siang	—	—
	Director	Huang, Ming-Huei	—	—
	Supervisor	Chien, Ming-Hui	—	—

Note: The information of Directors, Supervisors and General Managers of the above affiliated companies and the shares held is updated as of Dec. 31, 2023.

(6) Highlights of business operation of affiliated companies, as well as the financial position and operating result of each affiliated company

Unit: NT\$1,000 (Unless otherwise specified)

Company Name	Capital (Thousand dollars)	Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Sales Revenue Note 2	Operating Profit Note 2	Net Income (after tax) Note 2	Net worth Per Share (dollars) (after tax)
Chicony Power Holdings Inc.	US\$ 10,000	\$ 9,625,158	\$ -	\$ 9,625,158	\$ -	\$ -	\$ 1,581,072	\$ 158
Chicony Power Technology (Thailand) Co., Ltd.	THB 550,000	3,357,570	2,542,876	814,694	1,980,360	217,731	197,455	2
Chicony Power International Inc.	US\$ 10,000	9,625,130	14	9,625,116	-	(217)	1,581,071	158
Chicony Power USA, Inc.	US\$ 1,500	619,888	568,456	51,432	987,908	13,167	11,759	8
Witslight Technology Co., Ltd.	US\$ 12,800	(164,766)	37,726	(202,492)	-	(92)	(88,498)	(7)
Chicony Power Technology Hong Kong Limited	HK\$ 46,800	9,538,065	1,410,660	8,127,405	121,030	14,691	1,618,697	35
Chicony Power Technology (Dongguan) Co., Ltd.	US\$ 20,750	3,899,560	2,349,603	1,549,957	6,726,813	191,579	191,587	-
Chicony Power Technology (Suzhou) Co., Ltd.	US\$ 42,100	10,762,868	6,009,672	4,753,196	14,372,127	1,205,249	947,128	-
Guang Sheng Electronics (Nanchang) Co., Ltd.	US\$ 4,000	589,014	338,528	250,486	687,598	(11,057)	735	-
Chicony Power Technology (Chong Qing) Co., Ltd.	US\$ 10,000	5,198,258	2,376,791	2,821,467	7,306,262	474,613	467,880	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	RMB 10,000	47,103	15,422	31,681	21,376	9,655	(9,998)	-
Dongguan Chicony Power Trading Co., Ltd.	US\$ 350	2,455	4,616	(2,161)	-	(1,870)	(1,857)	-
Carlight Technology Co., Ltd.	NT\$ 3,000	2,798	49,017	(46,219)	-	(6,083)	7,731	26
Witslight Technology Group (Kunshan)	US\$ 10,500	602,835	721,845	(119,010)	-	(90)	(95,764)	-
Zhuzhou Torch Auto Lamp Co. Ltd.	RMB 46,000	502,797	626,539	(123,742)	515,349	(88,478)	(95,675)	-

Note 1: Medial exchange Rate of Hua Nan Bank on December 31, 2023 is adopted.

Note 2: Average exchange rate of Hua Nan Bank for 2023 is adopted.

### 8.1.2. Consolidated Financial Statements of Affiliated Companies

Please refer to page 112 the declaration letter and Attachment 1 the parent and subsidiaries CPA audited consolidated financial statements of the most recent year.

### 8.1.3. Affiliation Report

#### (1) Relationship between the controlling company and its subordinates

The Company is the subordinate company of Chicony Electronics Co., Ltd (abbreviated as “Chicony Electronics” hereafter), the information is as follows:

Unit: shares, %

Controlling Company	Reasons for Control	Shareholding and Pledges by the Controlling Company			Directors, Supervisors, and Managers Appointed by Controlling Company	
		Number of Shares Held	Shareholding Percentage	Shares Pledged	Title	Name
Chicony Electronics Co., Ltd	Ultimate parent company of the Company	206,706,594	51.8%	-	Chairman (Representative)	Lu, Chin-Chung

#### (2) Transactions

Transaction of the Company with Chicony Electronics, the controlling company:

##### A. Purchase/sale Transaction

Unit: NT\$ 1,000, %

Transaction with the Controlling Company				Transaction Terms and Conditions with the Controlling Company		General Transaction Terms and Conditions		Reason for Variance	Accounts Receivables (Payable), Notes Receivable (Payable)		Overdue Accounts Receivable			Remarks
Purchase/Sale	Amount	Percentage to total Purchase /Sales	Gross Margin	Unit price (dollars)	Credit Period	Unit Price (dollars)	Credit Period		Balance	Percentage to total Accounts Receivable (Payable), Notes Receivable (Payable)	Amount	Treatment	Allowance for Bad Debts	
Sales	\$1,454	0.004%	\$189	(Note 1)					\$149	0.001%	\$ -	-	\$ -	

Note 1: There is no significant difference between the unit price and credit period granted to Chicony Electronics with other regular customers.

B. Property transaction: None.

C. Inter-company financing: None.

#### D. Assets leasing

Unit: NT\$ 1,000

Type of Transaction (Lease or rent)	Subject Premises		Term of lease	Nature of lease	Basis for rent	Collection (Payment) Method	Comparison with the general rent	Total rent in current period	Collection/payment in current period	Other Agreement
	Name	Location								
Rent	Office and Parking Space	Sanchong Dist., New Taipei City	Jan. 1, 2023 - Dec. 31, 2023	Short-term Lease	Per the Market Price	T/T	No significant difference	\$57,377/year	Per the Payment Term	None
Rent	Office	Sanchong Dist., New Taipei City	Jan. 1, 2018 - Jan. 1, 2024	Right-of-use Assets	Per the Market Price	T/T	No significant difference	\$6,274/year	Per the Payment Term	None

#### E. Other important transaction:

It refers to the expenses incurred in providing the Group's labour service management by Chicony Electronics. The total amount was NT\$51,709,000 in 2023.

#### (3) Endorsement/Guarantee

A. No Endorsement/Guarantee made by Chicony Electronics for the Company as of December 31, 2023.

B. The Company does not endorse/guarantee for Chicony Electronics.

(4) Other matters with significant effects on finance and business: None.

Chicony Power Technology Co., Ltd.

Declaration Letter of Consolidated Affiliation Business Report

Considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2023 (from January 1, 2023 to December 31, 2023), and the related information to be disclosed in the consolidated financial statements of affiliated enterprises has already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated enterprises were prepared separately.

Hereby certify

Company name : Chicony Power Technology Co., Ltd.

Representative : Lu, Chin-Chung

March 12, 2024

Chicony Power Technology Co., Ltd.  
Declaration Letter of Affiliation Report

The Company hereby declares that the Company's 2023 Affiliation Report (from January 1, 2023 to December 31, 2023) was prepared pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and there are no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to the consolidated financial statements for the above period.

Company name : Chicony Power Technology Co., Ltd.

Representative: Lu, Chin-Chung

March 12, 2024

Chicony Power Technology Co., Ltd

Affiliation Report

Independent Auditor's Report

Zi-Hui-Zong-Zi No. 23008685

To: Chicony Power Technology Co., Ltd.

The 2023 Affiliation Report of Chicony Power Technology Co., Ltd. was prepared pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, and the financial information related thereto the supplementary information disclosed in the notes to the consolidated financial statements for the above period were also re-checked by us.

According to our re-check result, the 2023 Affiliation Report of Chicony Power Technology Co., Ltd. did disclose related information pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and in conformity with the 2023 consolidated financial statements. Therefore, no significant amendments are required.

Pricewaterhouse Coopers, Taiwan

Liang, Hua-Ling

Liao, Fu-Ming

Financial Supervisory Commission

Approval certificate reference number: Jin-Guan-Zheng-Shen-Zi No. 1060025060

Former Securities Commission, Ministry of Finance

Approval certificate reference number: (88) Tai-Cai-Zheng (6) No. 95577

Mar 12, 2024

- 8.2. Private Placement of Securities in the Most Recent Year up to the Publication of this Annual Report: None.
- 8.3. Holding or Disposed of Shares in the Company by the Company's Subsidiaries in the Most Recent Year up to the Publication of this Annual Report: None.
- 8.4. Other Necessary Supplementary: None.
- 8.5. Event Occurred in the Most Recent Year up to the Publication of this Annual Report, which Significantly Affect Shareholders' Equity or Price of Shares Pursuant to Article 36 Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.



## **Attachment 1**

Consolidated Financial Statements in 2023 Audited by the CPA

**CHICONY POWER TECHNOLOGY CO.,  
LTD. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2023 AND 2022**

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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 Chicony Power Technology Co., Ltd.

***Opinion***

We have audited the accompanying consolidated balance sheets of Chicony Power Technology Co., Ltd. and its subsidiaries (the "Group") as of 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 significant 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 of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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. Based on our audits and the reports of other auditors, 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 judgement, 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:

**Appropriateness of cut-off of warehouse sales revenue**

Description

Refer to Notes 4(27) and 6(17) for accounting policy on revenue recognition and related details of revenue.

The Group has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. Hub warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians.

Since the Group's warehouses are located in multiple countries, the frequency of information and the content of reports provided by the custodians are different, and the revenue recognition process involves several manual operations, which may result in inappropriate timing of revenue recognition. Given that the revenue from warehouse sales not properly recorded in the correct period has a significant impact on the financial

statements, we considered the cut-off of the warehouse sales revenue as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

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

1. Obtained an understanding and evaluated the internal controls for regular reconciliation between the Group and its warehouse custodians.
2. Performed the revenue recognition cut-off tests of warehouse sales revenue around the certain period of balance sheet date, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records in order to assess the appropriateness of the timing of revenue recognition.
3. Verified the warehouse with significant ending inventory balances sending confirmation letters to validate inventory balances with the warehouse custodians.

**Inventory valuation**

Description

Refer to Notes 4(12), 5(2) and 6(5) for inventory accounting policy, accounting estimates and assumptions, and details of inventory valuation.

The Group is engaged in the manufacture and sale of switching power supply, other electronic components and devices, and LED application products. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses. The determination of net realisable value for inventory is subject to management's judgement. Considering that the Group's inventory balance and the allowance for inventory valuation losses are material to the financial statements, we considered the valuation of inventory as one of the key audit matters.



How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the accounting policies comply with related accounting standards and examined the reasonableness of valuation procedures used by management including net realisable value used in inventory, operating expense ratio and the reasonableness of managing the obsolescence of inventory. In addition to the above, checked whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods.
2. Obtained the net realisable value report of inventory at the end of the reporting period, confirmed the consistency of the estimation policy applied and sampled and tested key parameters which includes inventory price or purchase price in order to verify whether the net realisable value used by management was in line with its policies. Also, recalculated the accuracy of allowance for inventory valuation loss on individual inventory items.

***Other matter - Reference to the audits of other auditors***

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$619,888 thousand and NT\$820,790 thousand, constituting 2.07% and 2.99% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the net operating revenue amounted to NT\$987,908 thousand and NT\$1,043,398 thousand, constituting 2.72% and 2.54% of the consolidated total operating revenue for the years then ended, respectively.

***Other matter - Parent company only financial reports***

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Chicony Power Technology Co., Ltd. as at and for the years 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 judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

Liang, Hua-Ling

Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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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.

**CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 4,188,460	14	\$ 1,267,854	5
1110	Financial assets at fair value through profit or loss - current	6(2)	492,058	2	378,110	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	184,697	1	138,863	1
1140	Current contract assets	6(17)	929,805	3	295,282	1
1150	Notes receivable, net	6(4) and 8	94,422	-	60,144	-
1170	Accounts receivable, net	6(4)	8,564,855	29	9,669,074	35
1180	Accounts receivable - related parties	7	1,215,946	4	1,170,136	4
1200	Other receivables		23,372	-	33,193	-
1210	Other receivables - related parties	7	160	-	262	-
130X	Inventories, net	6(5)	5,931,639	20	6,544,129	24
1410	Prepayments		536,536	2	485,328	2
1470	Other current assets		332	-	1,148	-
11XX	TOTAL CURRENT ASSETS		22,162,282	75	20,043,523	73
NON-CURRENT ASSETS						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	731,816	2	690,245	3
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	19,128	-	18,408	-
1600	Property, plant and equipment, net	6(6)	5,920,487	20	5,723,993	21
1755	Right-of-use assets	6(7)	321,412	1	363,876	1
1780	Intangible assets	6(8)	104,847	-	66,649	-
1840	Deferred income tax assets	6(24)	227,172	1	228,747	1
1900	Other non-current assets	8	502,328	1	280,819	1
15XX	TOTAL NON-CURRENT ASSETS		7,827,190	25	7,372,737	27
1XXX	TOTAL ASSETS		\$ 29,989,472	100	\$ 27,416,260	100

(Continued)

**CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022			
			Notes	AMOUNT	%	AMOUNT	%	
CURRENT LIABILITIES								
2100	Short-term borrowings	6(9)	\$	963,742	3	\$	818,048	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)		200,540	1		135,794	1
2130	Contract liabilities - current	6(17)		421,394	1		362,086	1
2150	Notes payable			7,071	-		6,979	-
2170	Accounts payable	6(10)		10,432,775	35		8,792,138	32
2180	Accounts payable - related parties	7		88	-		-	-
2200	Other payables	6(11)		3,058,220	10		3,288,963	12
2220	Other payables - related parties	7		10,672	-		11,655	-
2230	Current income tax liabilities			832,028	3		1,029,550	4
2280	Lease liabilities - current	7		63,892	-		78,114	-
2300	Other current liabilities			15,566	-		18,362	-
21XX	TOTAL CURRENT LIABILITIES			16,005,988	53		14,541,689	53
NON-CURRENT LIABILITIES								
2570	Deferred income tax liabilities	6(24)		95,796	1		82,012	1
2580	Lease liabilities - non-current	7		36,653	-		54,488	-
2600	Other non-current liabilities	6(12)		45,940	-		43,145	-
25XX	TOTAL NON-CURRENT LIABILITIES			178,389	1		179,645	1
2XXX	TOTAL LIABILITIES			16,184,377	54		14,721,334	54
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT								
SHARE CAPITAL		6(13)						
3110	Common stock			3,990,401	13		3,953,884	15
CAPITAL SURPLUS		6(14)						
3200	Capital surplus			2,965,835	10		2,714,230	9
RETAINED EARNINGS		6(15)						
3310	Legal reserve			1,918,979	6		1,601,450	6
3320	Special reserve			984,842	3		1,185,148	4
3350	Unappropriated retained earnings			5,046,294	17		4,225,056	15
OTHER EQUITY INTEREST		6(16)						
3400	Other equity interest		(	1,101,256)	( 3)	(	984,842)	( 3)
3XXX	TOTAL EQUITY			13,805,095	46		12,694,926	46
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS		9						
SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE		11						
3X2X	TOTAL LIABILITIES AND EQUITY		\$	29,989,472	100	\$	27,416,260	100

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

**CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Years ended December 31,			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 SALES REVENUE	6(17) and 7		\$ 36,310,819	100	\$ 41,066,110	100
5000 OPERATING COSTS	6(5)(22)(23)	(	28,610,901	79	( 33,437,239)	( 81)
5900 GROSS PROFIT			7,699,918	21	7,628,871	19
OPERATING EXPENSES	6(22)(23) and 7					
6100 Selling expenses		(	619,310	2	( 724,068)	( 2)
6200 General and administrative expenses		(	1,191,508	3	( 1,155,549)	( 3)
6300 Research and development expenses		(	1,898,371	5	( 1,812,638)	( 4)
6450 Expected credit loss	12(2)	(	29,558	-	( 19,140)	-
6000 TOTAL OPERATING EXPENSES		(	3,738,747	10	( 3,711,395)	( 9)
6900 OPERATING PROFIT			3,961,171	11	3,917,476	10
NON-OPERATING INCOME AND EXPENSES						
7100 Interest income	6(18)		56,224	-	18,366	-
7010 Other income	6(19)		189,986	-	181,228	-
7020 Other gains and losses	6(20)		53,446	-	53,612	-
7050 Finance costs	6(21) and 7	(	92,851	-	( 107,392)	-
7000 TOTAL NON-OPERATING INCOME AND EXPENSES			206,805	-	145,814	-
7900 PROFIT BEFORE INCOME TAX			4,167,976	11	4,063,290	10
7950 Income tax expense	6(24)	(	873,299	2	( 816,693)	( 2)
8200 PROFIT FOR THE YEAR			\$ 3,294,677	9	\$ 3,246,597	8
OTHER COMPREHENSIVE INCOME						
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
8311 Remeasurement of defined benefit plan	6(12)	( \$	1,879)	-	\$ 5,623	-
8316 Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)		46,619	-	( 39,140)	-
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS						
8361 Financial statements translation differences of foreign operations	6(16)	(	163,033	-	162,517	-
8300 TOTAL OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		( \$	118,293)	-	\$ 129,000	-
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR			\$ 3,176,384	9	\$ 3,375,597	8
PROFIT ATTRIBUTABLE TO:						
8610 Owners of the parent			\$ 3,294,677	9	\$ 3,246,597	8
COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
8710 Owners of the parent			\$ 3,176,384	9	\$ 3,375,597	8
EARNINGS PER SHARE (NT\$)	6(25)					
9750 BASIC EARNINGS PER SHARE			\$ 8.27		\$ 8.22	
9850 DILUTED EARNINGS PER SHARE			\$ 8.19		\$ 8.07	

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

CHICONY POWER TECHNOLOGY CO., LTD. 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							
Notes	Share capital - common stock	Capital surplus	Retained Earnings		Unappropriated retained earnings	Other entity interest	Total equity
			Legal reserve	Special reserve			
	\$ 3,921,472	\$ 2,484,753	\$ 1,323,114	\$ 1,232,204	\$ 3,337,065	(\$ 1,185,148)	\$11,113,460
6(12)(16)	-	-	-	-	3,246,597	-	3,246,597
	-	-	-	-	5,623	123,377	129,000
	-	-	-	-	3,252,220	123,377	3,375,597
6(15)							
	-	-	278,336	-	( 278,336)	-	-
	-	-	-	( 47,056)	47,056	-	-
	-	-	-	-	( 2,056,020)	-	( 2,056,020)
6(13)(14)	32,412	229,477	-	-	-	-	261,889
6(3)(16)							
	-	-	-	-	( 76,929)	76,929	-
	<u>\$ 3,953,884</u>	<u>\$ 2,714,230</u>	<u>\$ 1,601,450</u>	<u>\$ 1,185,148</u>	<u>\$ 4,225,056</u>	<u>(\$ 984,842)</u>	<u>\$12,694,926</u>
	<u>\$ 3,953,884</u>	<u>\$ 2,714,230</u>	<u>\$ 1,601,450</u>	<u>\$ 1,185,148</u>	<u>\$ 4,225,056</u>	<u>(\$ 984,842)</u>	<u>\$12,694,926</u>
6(12)(16)	-	-	-	-	3,294,677	-	3,294,677
	-	-	-	-	( 1,879)	( 116,414)	( 118,293)
	-	-	-	-	3,292,798	( 116,414)	3,176,384
6(15)							
	-	-	317,529	-	( 317,529)	-	-
	-	-	-	( 200,306)	200,306	-	-
	-	-	-	-	( 2,354,337)	-	( 2,354,337)
6(13)(14)	36,517	251,605	-	-	-	-	288,122
	<u>\$ 3,990,401</u>	<u>\$ 2,965,835</u>	<u>\$ 1,918,979</u>	<u>\$ 984,842</u>	<u>\$ 5,046,294</u>	<u>(\$ 1,101,256)</u>	<u>\$13,805,095</u>

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

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

		Years ended December 31,	
	Notes	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 4,167,976	\$ 4,063,290
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(6)(7)(22)	1,098,180	1,140,254
Amortization	6(8)(22)	55,967	65,769
Other non-current assets recognised as expense	6(22)	19,361	28,646
Expected credit loss	12(2)	29,558	19,140
Interest income	6(18)	( 56,224 )	( 18,366 )
Dividend income	6(19)	( 25,078 )	( 40,384 )
Interest expense	6(7)(21)	92,851	107,392
Loss on disposal of property, plant and equipment	6(20)	19,297	1,974
Loss on disposal of intangible assets	6(8)	-	20
Net loss on financial assets at fair value through profit or loss - derivative instruments	6(2)(20)	191,896	262,795
Net (gain) loss on financial assets at fair value through profit or loss - others		( 136,521 )	( 129,642 )
Gain on lease modification	6(7)	-	( 226 )
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets or liabilities at fair value through profit or loss - derivative instruments		( 117,004 )	( 134,780 )
Current contract assets		( 634,523 )	( 213,968 )
Notes receivable, net		( 34,278 )	76,304
Accounts receivable, net		1,074,661	774,240
Accounts receivable - related parties		( 45,810 )	409,373
Other receivables		9,959	6,586
Other receivables - related parties		102	202
Inventories, net		612,490	2,462,427
Prepayments		( 51,208 )	19,018
Other current assets		816	1,144
Net changes in liabilities relating to operating activities			
Contract liabilities - current		59,308	128,368
Notes payable		92	( 576 )
Accounts payable		1,640,637	( 3,734,975 )
Accounts payable - related parties		88	-
Other payables		57,251	271,226
Other payables - related parties		( 983 )	168
Other current liabilities		( 2,796 )	8,152
Accrued pension liabilities		3,903	( 12,886 )
Cash inflow generated from operations		8,029,968	5,819,969
Interest received		56,161	18,349
Dividends received		25,003	40,384
Interest paid		( 92,723 )	( 107,669 )
Income taxes paid		( 1,055,462 )	( 841,258 )
Income taxes refund		-	22,855
Net cash flows from operating activities		6,962,947	4,952,630

(Continued)

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

	Notes	Years ended December 31,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss - others		( \$ 82,832 )	( \$ 195,558 )
Proceeds from disposal of financial assets at fair value through profit or loss - others		52,785	74,983
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	3,952
Acquisition of property, plant and equipment	6(6)	( 999,837 )	( 638,555 )
Proceeds from disposal of property, plant and equipment		1,452	1,719
Acquisition of intangible assets	6(8)	( 49,443 )	( 31,348 )
Increase in prepayments for business facilities		( 510,725 )	( 727,020 )
Increase in other non-current assets		( 58,376 )	( 14,930 )
Net cash flows used in investing activities		( 1,646,976 )	( 1,526,757 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(26)	145,694	( 712,895 )
Repayments of lease liabilities	6(26)	( 90,091 )	( 103,314 )
(Decrease) increase in other non-current liabilities	6(26)	( 2,987 )	667
Cash dividends paid	6(15)	( 2,354,337 )	( 2,056,020 )
Net cash flows used in financing activities		( 2,301,721 )	( 2,871,562 )
Effect of exchange rate changes on cash and cash equivalents		( 93,644 )	4,496
Net increase in cash and cash equivalents		2,920,606	558,807
Cash and cash equivalents at beginning of year	6(1)	1,267,854	709,047
Cash and cash equivalents at end of year	6(1)	\$ 4,188,460	\$ 1,267,854

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANISATION**

Chicony Power Technology Co., Ltd. (the “Company”) was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting modules, and smart building solutions. Chicony Electronics Co., Ltd. is the Group’s ultimate parent company. As of December 31, 2023, Chicony Electronics Co., Ltd. and its subsidiaries hold 52.1% equity interest in the Company.

**2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED 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<sup>®</sup>”) 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, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and liabilities (including derivative instruments) are measured at fair value through profit or loss.
  - (b) Financial assets are measured at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (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 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.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2023	December 31, 2022	
Chicony Power Technology Co., Ltd.	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	
"	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
CPH	Chicony Power International Inc. (CPI)	Investment holdings	100%	100%	
CPI	Chicony Power USA, Inc. (CPUS)	Sales of switching power supplies and other electronic parts	100%	100%	Note
"	Chicony Power Technology Hong Kong Limited (CPHK)	Research and development center and investment holdings	100%	100%	
"	WitsLight Technology Co., Ltd. (WTS)	Design, research and development of LED lighting modules and investment holdings	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2023	December 31, 2022	
CPHK	Chicony Power Technology (Dong Guan) Co., Ltd. (CPDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Manufacturing and sales of electronic components and LED lighting modules	100%	100%	
"	Quang Sheng Electronics (Nangchang) Co., Ltd. (GSE)	Manufacturing and sales of electronic components and transformers	100%	100%	
"	Chicony Power Technology (Chong Qing) Co., Ltd. (CPCQ)	Manufacturing and sales of electronic components	100%	100%	
"	Chicony Power Technology Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of power supplies, and other electronics and smart building system industry	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2023	December 31, 2022	
WTS	WitsLight Technology (Kunshan) Co., Ltd. (WTK)	Manufacturing and sales of LED lighting modules	100%	100%	
"	Carlight Technology Co., Ltd. (CT)	Design, research and development and sales of automotive and motorcycle lamps and other components	100%	100%	
WTK	Zhuzhou Torch Auto Lamp Co., Ltd. (TORCH)	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	100%	100%	
CPSZ	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Smart building solutions	100%	100%	

Note: We did not audit the financial statements of CUPS which were audited by other auditors.

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: None.

#### (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) 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) 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 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 pay off 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 expected 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) 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.

(7) 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 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) 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 Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- 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. 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.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For 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 that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. 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.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are to be capitalised.
- 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. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method to allocate their costs 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 balance sheet 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 for the plant and buildings are 20 years and for the other fixed assets are 1-10 years.

(14) 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. Lease payments are fixed payments, less any lease incentives receivable.

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

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.

(15) Intangible assets

- A. Trademark, right, patent and computer software are amortised on a straight-line basis over their estimated useful lives of 1-15 years.
- B. Goodwill arises in a business combination accounted for by applying the acquisition method.
- C. Other intangible asset, mainly expertise, is amortised on a straight-line basis over its estimated useful lives of 4 years.

(16) 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, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be 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.

(17) Borrowings

- A. 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.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(20) Derecognition of financial liabilities

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

(21) 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses 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 government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' remuneration

Employees' and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation 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. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) 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 income 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 income 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 nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income 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 income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) 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.

(26) Dividends

Under the Company's Articles of Incorporation, cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) 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.
- (c) Under the contracts with customers, as the time interval between the transfer of committed goods or service 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.

**B. Incremental costs of obtaining a contract**

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

**C. Smart building system service**

- (a) The Group provides services related to planning, design, construction and maintenance of smart building systems. Revenue is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include sales and installation services of equipment. Some equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Group recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation.
- (c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

**(28) 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. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The 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. The information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 2,896	\$ 3,581
Checking accounts and demand deposits	3,520,891	1,052,287
Time deposits	664,673	211,986
	<u>\$ 4,188,460</u>	<u>\$ 1,267,854</u>

A. 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.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities 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		
Non-hedging derivatives		
Forward exchange contracts	\$ 28,207	\$ 57,423
Forward exchange swap contracts	40,324	21,253
Listed stocks	350,417	319,853
Beneficiary certificates	73,244	73,244
	492,192	471,773
Valuation adjustment	(134)	(93,663)
	<u>\$ 492,058</u>	<u>\$ 378,110</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	(\$ 195,799)	(\$ 117,441)
Foreign exchange swap contracts	(4,741)	(18,353)
	<u>(\$ 200,540)</u>	<u>(\$ 135,794)</u>
Items	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 158,987	\$ 170,937
Beneficiary certificates	587,055	554,005
	746,042	724,942
Valuation adjustment	(14,226)	(34,697)
	<u>\$ 731,816</u>	<u>\$ 690,245</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	(\$ 191,896)	(\$ 262,795)
Others		
Equity instruments	150,458	(108,932)
Beneficiary certificates	(13,937)	(20,710)
	136,521	(129,642)
	<u>(\$ 55,375)</u>	<u>(\$ 392,437)</u>



- B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

December 31, 2023		
<u>Derivative financial assets and liabilities</u>	<u>Contract amount (Notional principal)</u>	<u>Expiry date</u>
Current items:		
Foreign exchange swap contracts		
- Buy NTD, sell USD	USD 37,000 thousand	2024.1.23 - 2024.3.20
- Sell THB, buy USD	USD 6,000 thousand	2024.3.15
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD 162,500 thousand	2024.1.3 - 2024.7.11
- Sell THB, buy USD	USD 47,500 thousand	2024.1.17 - 2024.3.29
December 31, 2022		
<u>Derivative financial assets and liabilities</u>	<u>Contract amount (Notional principal)</u>	<u>Expiry date</u>
Current items:		
Foreign exchange swap contracts		
- Buy NTD, sell USD	USD 63,000 thousand	2023.1.17 - 2023.4.28
- Sell NTD, buy USD	USD 12,000 thousand	2023.1.30 - 2023.2.6
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD 112,500 thousand	2023.1.13 - 2024.1.4
- Buy NTD, sell USD	USD 58,000 thousand	2023.1.6 - 2023.3.22
- Sell THB, buy USD	USD 18,000 thousand	2023.1.26 - 2023.3.3

Forward foreign exchange contracts / Foreign exchange swap contracts

The Group entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and interest rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

- C. The Group has no financial assets at fair value through profit or loss pledged to others.
- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Current items:		
Listed stocks	\$ 261,615	\$ 261,615
Unlisted stocks	81,134	81,199
	342,749	342,814
Valuation adjustment	(158,052)	(203,951)
	<u>\$ 184,697</u>	<u>\$ 138,863</u>
Non-current items:		
Unlisted stocks	\$ 437,100	\$ 437,100
Valuation adjustment	(417,972)	(418,692)
	<u>\$ 19,128</u>	<u>\$ 18,408</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to the carrying amount as at December 31, 2023 and 2022.
- B. During the years ended December 31, 2023 and 2022, the Group sold \$0 and \$3,952 of equity investments at fair value, respectively.
- C. 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
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 46,619	(\$ 39,140)
Cumulative losses reclassified to retained earnings due to derecognition	\$ -	(\$ 76,929)
Dividend income recognised in profit or loss held at end of year	\$ 6,807	\$ 11,525

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 94,422	\$ 60,144
Accounts receivable	\$ 8,674,443	\$ 9,748,938
Less: Allowance for uncollectible accounts	(109,588)	(79,864)
	<u>\$ 8,564,855</u>	<u>\$ 9,669,074</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 8,447,584	\$ 94,422	\$ 9,397,471	\$ 60,144
1 - 30 days past due	62,022	-	110,342	-
31 - 120 days past due	70,773	-	122,053	-
121 - 210 days past due	3,875	-	74,405	-
Over 210 days past due	90,189	-	44,667	-
	<u>\$ 8,674,443</u>	<u>\$ 94,422</u>	<u>\$ 9,748,938</u>	<u>\$ 60,144</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$10,659,780.
- C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8. The Group has no accounts receivable pledged to others as collateral.
- D. As of December 31, 2023 and 2022, the Group had discounted notes receivable to banks amounting to \$63,742 and \$18,048, respectively. The Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as short-term borrowings.
- 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 notes and accounts receivable held by the Group was equal to carrying amount.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,978,884	(\$ 291,303)	\$ 1,687,581
Work in process	698,267	( 31,108)	667,159
Finished goods	3,962,237	( 385,338)	3,576,899
	<u>\$ 6,639,388</u>	<u>(\$ 707,749)</u>	<u>\$ 5,931,639</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,442,406	(\$ 434,414)	\$ 2,007,992
Work in process	741,303	( 49,997)	691,306
Finished goods	4,216,518	( 371,687)	3,844,831
	<u>\$ 7,400,227</u>	<u>(\$ 856,098)</u>	<u>\$ 6,544,129</u>

The cost of inventories recognised as expense for the year:

Years ended December 31,		
	2023	2022
Cost of inventories sold	\$ 28,624,491	\$ 32,780,086
(Gain on reversal) loss on decline in market value	( 140,621)	451,404
Loss on scrap inventory	126,574	208,429
Others	457	( 2,680)
	<u>\$ 28,610,901</u>	<u>\$ 33,437,239</u>

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because certain related inventories were scrapped or sold.

(6) Property, plant and equipment

		2023						
		Land	Buildings and structures	Machinery	Test equipment	Others	Unfinished construction	Total
<u>January 1</u>								
Cost		\$ 119,682	\$ 2,907,634	\$ 3,968,072	\$ 2,520,692	\$ 1,673,140	\$ 539,139	\$ 11,728,359
Accumulated depreciation and impairment		-	( 896,310)	( 2,197,174)	( 1,743,597)	( 1,167,285)	-	( 6,004,366)
		<u>\$ 119,682</u>	<u>\$ 2,011,324</u>	<u>\$ 1,770,898</u>	<u>\$ 777,095</u>	<u>\$ 505,855</u>	<u>\$ 539,139</u>	<u>\$ 5,723,993</u>
Balance, January 1		\$ 119,682	\$ 2,011,324	\$ 1,770,898	\$ 777,095	\$ 505,855	\$ 539,139	\$ 5,723,993
Additions		-	36,592	5,811	48,261	15,870	893,303	999,837
Disposals		-	( 3,037)	( 950)	( 513)	( 16,249)	-	( 20,749)
Reclassifications		-	13,405	75,195	60,910	133,052	-	282,562
Depreciation charge		-	( 172,611)	( 347,719)	( 267,793)	( 213,834)	-	( 1,001,957)
Net exchange differences		995	( 35,558)	( 21,125)	( 9,363)	( 4,924)	6,776	( 63,199)
Balance, December 31		<u>\$ 120,677</u>	<u>\$ 1,850,115</u>	<u>\$ 1,482,110</u>	<u>\$ 608,597</u>	<u>\$ 419,770</u>	<u>\$ 1,439,218</u>	<u>\$ 5,920,487</u>
<u>December 31</u>								
Cost		\$ 120,677	\$ 2,899,204	\$ 3,848,620	\$ 2,542,219	\$ 1,648,145	\$ 1,439,218	\$ 12,498,083
Accumulated depreciation and impairment		-	( 1,049,089)	( 2,366,510)	( 1,933,622)	( 1,228,375)	-	( 6,577,596)
		<u>\$ 120,677</u>	<u>\$ 1,850,115</u>	<u>\$ 1,482,110</u>	<u>\$ 608,597</u>	<u>\$ 419,770</u>	<u>\$ 1,439,218</u>	<u>\$ 5,920,487</u>
		2022						
		Land	Buildings and structures	Machinery	Test equipment	Others	Unfinished construction	Total
<u>January 1</u>								
Cost		\$ 111,468	\$ 2,787,521	\$ 3,500,594	\$ 2,302,299	\$ 1,450,673	\$ -	\$ 10,152,555
Accumulated depreciation and impairment		-	( 709,078)	( 1,811,591)	( 1,511,867)	( 1,011,854)	-	( 5,044,390)
		<u>\$ 111,468</u>	<u>\$ 2,078,443</u>	<u>\$ 1,689,003</u>	<u>\$ 790,432</u>	<u>\$ 438,819</u>	<u>\$ -</u>	<u>\$ 5,108,165</u>
Balance, January 1		\$ 111,468	\$ 2,078,443	\$ 1,689,003	\$ 790,432	\$ 438,819	\$ -	\$ 5,108,165
Additions		-	76,881	3,449	37,156	6,331	514,738	638,555
Disposals		-	-	( 617)	( 337)	( 2,739)	-	( 3,693)
Reclassifications		-	-	421,509	201,634	260,832	420	884,395
Depreciation charge		-	( 176,686)	( 380,273)	( 266,051)	( 209,596)	-	( 1,032,606)
Net exchange differences		8,214	32,686	37,827	14,261	12,208	23,981	129,177
Balance, December 31		<u>\$ 119,682</u>	<u>\$ 2,011,324</u>	<u>\$ 1,770,898</u>	<u>\$ 777,095</u>	<u>\$ 505,855</u>	<u>\$ 539,139</u>	<u>\$ 5,723,993</u>
<u>December 31</u>								
Cost		\$ 119,682	\$ 2,907,634	\$ 3,968,072	\$ 2,520,692	\$ 1,673,140	\$ 539,139	\$ 11,728,359
Accumulated depreciation and impairment		-	( 896,310)	( 2,197,174)	( 1,743,597)	( 1,167,285)	-	( 6,004,366)
		<u>\$ 119,682</u>	<u>\$ 2,011,324</u>	<u>\$ 1,770,898</u>	<u>\$ 777,095</u>	<u>\$ 505,855</u>	<u>\$ 539,139</u>	<u>\$ 5,723,993</u>

- A. None of the Group's property, plant and equipment are pledged as collateral.
- B. The reclassifications of property, plant and equipment represent transfers from other non-current assets.
- C. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.

(7) Leasing arrangements-lessee

- A. The Group leases various assets including land use right, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 50 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.
- B. Short-term leases with a lease term of 12 months or less comprise warehouses, offices and business vehicles. Low-value assets comprise multifunction printers and are not shown in right-of-use asset.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings and structures	\$ 92,173	\$ 124,826
Land use right	229,239	239,050
	<u>\$ 321,412</u>	<u>\$ 363,876</u>
	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 90,777	\$ 102,164
Land use right	5,446	5,484
	<u>\$ 96,223</u>	<u>\$ 107,648</u>

- D. As of December 31, 2023, the Group entered into land use right contracts with the Ministry of Land and Resources for the use of the land in Jiangsu Wujiang District, Chongqing Jiangjin Shuangfu New Area and Guangdong Dongguan City, all for a period of 50 years. All rentals had been paid on the contract date.
- E. The carrying amounts of the above land use right are net of the government land grants received as an investment incentive.
- F. For the years ended December 31, 2023 and 2022, the additions (including changes in foreign exchange rate) to right-of-use assets were \$58,488 and \$72,563, respectively.
- G. Except for the depreciation mentioned above, other information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7,171	\$ 9,714
Rent expense on short-term lease contracts	136,037	119,286
Rent expense on leases of low-value assets	1,202	1,208
Gains arising from lease modifications	-	226

- H. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$234,501 and \$233,522, respectively.
- I. The Group has no right-of-use asset pledged to others.

(8) Intangible assets

2023					
	Trademarks and patents	Software	Goodwill	Others	Total
<u>January 1</u>					
Cost	\$ 122,268	\$ 316,264	\$ 120,650	\$ 33,870	\$ 593,052
Accumulated amortisation and impairment	( 107,078)	( 265,032)	( 120,650)	( 33,643)	( 526,403)
	<u>\$ 15,190</u>	<u>\$ 51,232</u>	<u>\$ -</u>	<u>\$ 227</u>	<u>\$ 66,649</u>
Balance, January 1	\$ 15,190	\$ 51,232	\$ -	\$ 227	\$ 66,649
Additions	17,516	31,927	-	-	49,443
Reclassifications	-	45,669	-	-	45,669
Amortisation charge	( 14,095)	( 41,645)	-	( 227)	( 55,967)
Net exchange differences	-	( 947)	-	-	( 947)
Balance, December 31	<u>\$ 18,611</u>	<u>\$ 86,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,847</u>
<u>December 31</u>					
Cost	\$ 139,784	\$ 385,080	\$ 120,650	\$ 33,815	\$ 679,329
Accumulated amortisation and impairment	( 121,173)	( 298,844)	( 120,650)	( 33,815)	( 574,482)
	<u>\$ 18,611</u>	<u>\$ 86,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,847</u>
2022					
	Trademarks and patents	Software	Goodwill	Others	Total
<u>January 1</u>					
Cost	\$ 109,913	\$ 280,173	\$ 120,650	\$ 30,509	\$ 541,245
Accumulated amortisation and impairment	( 90,556)	( 217,309)	( 120,650)	( 29,907)	( 458,422)
	<u>\$ 19,357</u>	<u>\$ 62,864</u>	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ 82,823</u>
Balance, January 1	\$ 19,357	\$ 62,864	\$ -	\$ 602	\$ 82,823
Additions	12,355	18,993	-	-	31,348
Disposals	-	( 20)	-	-	( 20)
Reclassifications	-	16,867	-	280	17,147
Amortisation charge	( 16,522)	( 48,581)	-	( 666)	( 65,769)
Net exchange differences	-	1,109	-	11	1,120
Balance, December 31	<u>\$ 15,190</u>	<u>\$ 51,232</u>	<u>\$ -</u>	<u>\$ 227</u>	<u>\$ 66,649</u>
<u>December 31</u>					
Cost	\$ 122,268	\$ 316,264	\$ 120,650	\$ 33,870	\$ 593,052
Accumulated amortisation and impairment	( 107,078)	( 265,032)	( 120,650)	( 33,643)	( 526,403)
	<u>\$ 15,190</u>	<u>\$ 51,232</u>	<u>\$ -</u>	<u>\$ 227</u>	<u>\$ 66,649</u>

A. The Group has recognised a full impairment provision on its goodwill as of December 31, 2023.

B. The reclassifications of intangible assets represent transfers from other non-current assets.

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank unsecured borrowings	\$ 900,000	1.68%~1.75%	None
Secured borrowings	63,742	1.25%~2.6%	Notes receivable
	<u>\$ 963,742</u>		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	\$ 800,000	1.6%~1.9%	None
Secured borrowings	18,048	1.2%~1.85%	Notes receivable
	<u>\$ 818,048</u>		

Information relating to the guarantee notes issued for the above borrowings as of December 31, 2023 is provided in Note 9(1).

(10) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	\$ 8,581,035	\$ 7,331,404
Estimated accounts payable	1,851,740	1,460,734
	<u>\$ 10,432,775</u>	<u>\$ 8,792,138</u>

(11) Other payables

	December 31, 2023	December 31, 2022
Salaries payable	\$ 917,763	\$ 976,831
Commissions payable	569,217	593,624
Employees' compensation and directors' remuneration payable	540,213	542,226
Processing fee payable	240,537	223,824
Consumption goods expense payable	156,142	173,598
Construction and equipment payable	73,084	125,551
Others	561,264	653,309
	<u>\$ 3,058,220</u>	<u>\$ 3,288,963</u>

(12) Pensions

A. Defined benefit plans

- (a) The Company and its 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 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 an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the 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 Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligations	(\$ 114,983)	(\$ 102,301)
Fair value of plan assets	<u>78,618</u>	<u>71,718</u>
Net defined benefit liability	<u>(\$ 36,365)</u>	<u>(\$ 30,583)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2023			
Balance at January 1	(\$ 102,301)	\$ 71,718	(\$ 30,583)
Past service cost	( 9,646)	-	( 9,646)
Interest (expense) income	( 1,406)	<u>1,073</u>	( 333)
	<u>( 113,353)</u>	<u>72,791</u>	<u>( 40,562)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	470	470
Change in financial assumptions	( 1,184)	-	( 1,184)
Experience adjustments	( 1,165)	-	( 1,165)
	<u>( 2,349)</u>	<u>470</u>	<u>( 1,879)</u>
Pension fund contribution	-	5,357	5,357
Paid pension	<u>719</u>	-	<u>719</u>
Balance at December 31	<u>(\$ 114,983)</u>	<u>\$ 78,618</u>	<u>(\$ 36,365)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance at January 1	(\$ 103,465)	\$ 54,373	(\$ 49,092)
Interest (expense) income	( 646)	381	( 265)
	( 104,111)	54,754	( 49,357)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,201	4,201
Change in financial assumptions	4,746	-	4,746
Experience adjustments	( 3,324)	-	( 3,324)
	1,422	4,201	5,623
Pension fund contribution	-	12,763	12,763
Paid pension	388	-	388
Balance at December 31	(\$ 102,301)	\$ 71,718	(\$ 30,583)

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and 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 Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset 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	1.250%	1.375%
Future salary increases	2.750%	2.750%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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	(\$ 2,349)	\$ 2,429	\$ 2,351	(\$ 2,286)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 2,211)	\$ 2,292	\$ 2,221	(\$ 2,155)

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$12,117.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 8.3 years. The analysis of timing of the future pension payment for the next ten years was as follows:

Within 1 year	\$ 2,345
1-2 years	3,638
2-5 years	40,797
5-10 years	27,867
	<u>\$ 74,647</u>

B. Defined contribution plan

- (a) Effective July 1, 2005, 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) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were \$292,511 and \$305,381, respectively.

(13) Share capital

- A. As of December 31, 2023, the Company’s authorised capital was \$5,000,000, and the paid-in capital was \$3,990,401 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 (net of treasury stocks) are as follows:

(Unit: shares in thousands)	2023	2022
At January 1	395,389	392,148
Employee compensation	3,652	3,241
At December 31	399,041	395,389

- B. On March 1, 2023, the Company issued 3,652 thousand shares as the Board of Directors of the Company resolved to appropriate employees’ stock dividends of \$288,122 which was calculated based on the closing price of NT\$78.9 (in dollars) per share on the date (February 24, 2023) before the date the Board of Directors resolved the appropriation. The appropriation was effective on March 27, 2023 and the registration was completed on April 12, 2023.
- C. On March 3, 2022, the Company issued 3,241 thousand shares as the Board of Directors of the Company resolved to appropriate employees’ stock dividends of \$261,889 which was calculated based on the closing price of NT\$80.8 (in dollars) per share on the date (March 2, 2022) before the date the Board of Directors resolved the appropriation. The appropriation was effective on April 8, 2022 and the registration was completed on April 25, 2022.

(14) Capital surplus

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 Law 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.

	2023			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,569,119	\$ 35,063	\$ 110,048	\$ 2,714,230
Share-based payment transactions				
- Employee compensation	251,605	-	-	251,605
At December 31	<u>\$ 2,820,724</u>	<u>\$ 35,063</u>	<u>\$ 110,048</u>	<u>\$ 2,965,835</u>
	2022			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,339,642	\$ 35,063	\$ 110,048	\$ 2,484,753
Share-based payment transactions				
- Employee compensation	229,477	-	-	229,477
At December 31	<u>\$ 2,569,119</u>	<u>\$ 35,063</u>	<u>\$ 110,048</u>	<u>\$ 2,714,230</u>

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit before tax, if any, shall first be offset against prior years' operating losses (including adjustment of unappropriated earnings); and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital; and then set aside as special reserve in accordance with related regulations issued by the Competent Authority when necessary; and the remainder, if any, along with opening unappropriated earnings (including adjustment of unappropriated earnings) shall be proposed by the Board of Directors under the principle of the Company's 25th Articles of Incorporation and resolved by the shareholders as dividends to shareholders. Effective from June 6, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy is formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividends should not be less than 10% of the total amount of stockholders' dividends. The above restrictions will not be applicable if total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
- D. Special reserve
- (a) 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.
- (b) The amount of \$205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2011, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) The appropriations of 2022 and 2021 earnings had been approved at the annual stockholders' meeting on May 29, 2023 and June 8, 2022, respectively, and the details are summarized below:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 317,529		\$ 278,336	
Reversal of special reserve	( 200,306)		( 47,056)	
Cash dividends	2,354,337	\$ 5.9	2,056,020	\$ 5.2

(b) Subsequent events:

The appropriations of 2023 earnings had been proposed at the Board of Directors' meeting on March 12, 2024. Details are summarised below::

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 329,280	
Special reserve appropriated	116,413	
Cash dividends	2,404,615	\$ 6.0

As of March 12, 2024, the appropriations of 2023 earnings have not yet been resolved at the shareholders' meeting, except for cash dividends which were resolved by the Board of Directors and were only required to be reported at the shareholders' meeting.

(16) Other equity items

	2023		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 362,199)	(\$ 622,643)	(\$ 984,842)
Currency translation differences:			
- Group	( 163,033)	-	( 163,033)
Valuation adjustment:			
- Group	-	46,619	46,619
At December 31	(\$ 525,232)	(\$ 576,024)	(\$ 1,101,256)
	2022		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 524,716)	(\$ 660,432)	(\$ 1,185,148)
Currency translation differences:			
- Group	162,517	-	162,517
Valuation adjustment:			
- Group	-	( 39,140)	( 39,140)
- Transfer out	-	76,929	76,929
At December 31	(\$ 362,199)	(\$ 622,643)	(\$ 984,842)

(17) Operating revenue

A. Disaggregation of revenue from contracts with customers

<u>Year ended December 31, 2023</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from contracts with customers				
Electronic component products	\$ 29,077,281	\$ 457,534	\$ 907,463	\$ 30,442,278
Consumer electronic products and other electronic products	3,490,004	596,066	213	4,086,283
Others	<u>1,622,993</u>	<u>79,033</u>	<u>80,232</u>	<u>1,782,258</u>
	<u>\$ 34,190,278</u>	<u>\$ 1,132,633</u>	<u>\$ 987,908</u>	<u>\$ 36,310,819</u>
<u>Year ended December 31, 2022</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from contracts with customers				
Electronic component products	\$ 32,005,559	\$ 503,701	\$ 966,439	\$ 33,475,699
Consumer electronic products and other electronic products	5,958,913	590,709	4,417	6,554,039
Others	<u>699,204</u>	<u>264,626</u>	<u>72,542</u>	<u>1,036,372</u>
	<u>\$ 38,663,676</u>	<u>\$ 1,359,036</u>	<u>\$ 1,043,398</u>	<u>\$ 41,066,110</u>

B. Contract assets and contract liabilities

The Group has recognised the following revenue-related contract assets and contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract assets -			
Construction contract	\$ 929,805	\$ 295,282	\$ 81,314
Contract liabilities -			
Construction contract	( 217,805)	( 60,132)	( 3,581)
Contract liabilities - Payment	( 203,589)	( 301,954)	( 230,137)
	<u>\$ 508,411</u>	<u>(\$ 66,804)</u>	<u>(\$ 152,404)</u>

C. Contract liability balance at the beginning of 2023 and 2022 were all recognised in operating revenue for the years ended December 31, 2023 and 2022.

(18) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 56,224	\$ 18,366

(19) Other income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Dividend income	\$ 25,078	\$ 40,384
Government grants	64,816	47,042
Other income-others	<u>100,092</u>	<u>93,802</u>
	<u>\$ 189,986</u>	<u>\$ 181,228</u>



(20) Other gains and losses

	Years ended December 31,	
	2023	2022
Net losses on financial assets and liabilities at fair value through profit or loss - derivative instruments	(\$ 191,896)	(\$ 262,795)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss-others	136,521	( 129,642)
Net currency exchange gains	178,348	446,716
Losses on disposal of property, plant and equipment	( 19,297)	( 1,974)
Others	( 50,230)	1,307
	<u>\$ 53,446</u>	<u>\$ 53,612</u>

(21) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 85,680	\$ 97,678
Lease liabilities	7,171	9,714
	<u>\$ 92,851</u>	<u>\$ 107,392</u>

(22) Expenses by nature

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 2,867,093	\$ 2,136,451	\$ 5,003,544
Depreciation	804,038	294,142	1,098,180
Amortisation	9,223	46,744	55,967
Other assets recognised as expenses	13,048	6,313	19,361

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 3,231,967	\$ 2,184,527	\$ 5,416,494
Depreciation	871,940	268,314	1,140,254
Amortisation	9,650	56,119	65,769
Other assets recognised as expenses	21,162	7,484	28,646

(23) Employee benefit expense

Year ended December 31, 2023			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 2,424,547	\$ 1,870,080	\$ 4,294,627
Labour and health insurance fees	113,046	106,656	219,702
Pension costs	212,295	90,195	302,490
Other personnel expenses	117,205	69,520	186,725
	<u>\$ 2,867,093</u>	<u>\$ 2,136,451</u>	<u>\$ 5,003,544</u>
Year ended December 31, 2022			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 2,750,982	\$ 1,930,969	\$ 4,681,951
Labour and health insurance fees	119,788	102,920	222,708
Pension costs	225,654	79,992	305,646
Other personnel expenses	135,543	70,646	206,189
	<u>\$ 3,231,967</u>	<u>\$ 2,184,527</u>	<u>\$ 5,416,494</u>

- A. In accordance with the Articles of Incorporation of the Company, the pretax income before distribution of employees' compensation and directors' remuneration shall be appropriated based on a ratio of not lower than 10% for employees' compensation and not higher than 1% for directors' remuneration. However, the employees' compensation and directors' remuneration shall be appropriated based on the abovementioned ratios only after covering the accumulated losses (including adjustment of unappropriated earnings), if there is any.
- B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at \$497,843 and \$499,698, respectively; directors' remuneration were accrued at \$42,370 and \$42,528, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 11.75% and 1% of distributable profit for the year ended December 31, 2023, respectively.
- C. Employees' compensation of \$499,698 and directors' remuneration of \$42,528 for 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Actual number of shares distributed as employees' compensation for 2022 is 3,652 thousand shares. Refer to Note 6(13) for details.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the Market Observation Post System website of the Taiwan Stock Exchange.

(24) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 813,016	\$ 883,470
Tax on undistributed surplus earnings	35,187	25,387
Prior year income tax under (over) estimation	9,738	(18,296)
Total current tax	857,941	890,561
Deferred tax:		
Origination and reversal of temporary differences	15,358	(73,868)
Income tax expense	\$ 873,299	\$ 816,693

B. Reconciliation between income tax expense and profit before tax:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 1,199,526	\$ 1,056,719
Effects from items allowed by tax regulation	99,086	64,279
Temporary differences not recognised as deferred tax liabilities	(390,238)	(231,396)
Effect from investment tax credits	(80,000)	(80,000)
Tax on undistributed surplus earnings	35,187	25,387
Prior year income tax under (over) estimation	9,738	(18,296)
Income tax expense	\$ 873,299	\$ 816,693

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

Year ended December 31, 2023			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax assets:			
Provision for inventory price			
decline and obsolescence	\$ 56,511	\$ 4,017	\$ 60,528
Unrealised exchange loss	14,266	( 14,266)	-
Unrealised loss on valuation of			
financial assets	11,423	14,978	26,401
Unrealised commission expense	116,735	( 5,510)	111,225
Unrealised government grants	19,340	( 794)	18,546
Others	10,472	-	10,472
	<u>228,747</u>	<u>( 1,575)</u>	<u>227,172</u>
- Deferred tax liabilities:			
Unrealised exchange gain	-	( 14,762)	( 14,762)
Others	( 82,012)	979	( 81,034)
	<u>( 82,012)</u>	<u>( 13,783)</u>	<u>( 95,796)</u>
	<u>\$ 146,735</u>	<u>(\$ 15,358)</u>	<u>\$ 131,376</u>
Year ended December 31, 2022			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax assets:			
Provision for inventory price			
decline and obsolescence	\$ 41,809	\$ 14,702	\$ 56,511
Unrealised exchange loss	-	14,266	14,266
Unrealised loss on valuation of			
financial assets	-	11,423	11,423
Unrealised commission expense	107,533	9,202	116,735
Unrealised government grants	19,479	( 139)	19,340
Others	10,472	-	10,472
	<u>179,293</u>	<u>49,454</u>	<u>228,747</u>
- Deferred tax liabilities:			
Unrealised gain on valuation of			
financial assets	( 14,179)	14,179	-
Unrealised exchange gain	( 12,710)	12,710	-
Others	( 79,537)	( 2,475)	( 82,012)
	<u>( 106,426)</u>	<u>24,414</u>	<u>( 82,012)</u>
	<u>\$ 72,867</u>	<u>\$ 73,868</u>	<u>\$ 146,735</u>

D. The Tax Authority has examined the income tax returns of the Company through 2021.

- E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognised as deferred tax liabilities were \$1,823,413 and \$1,433,175, respectively.
- F. CPCQ applied for the Enterprise Income Tax Law of the People's Republic of China and the State Administration of Taxation on Tax Policy Issues Concerning Further Implementing China's Western Development Strategy, which refers to an enterprise whose main business falls within the scope of industry projects set out in the Catalogue of Encouraged Industries in China's Western Territory and whose revenues generated from its main business accounts for 70% or more of its gross income. The applications have been authorised by the tax authorities, and CPCQ is entitled to a 10% reduction on the tax rate in and before 2020. CPCQ applied for the Continuing to Implement Preferential Tax Policies for Western Development Strategy, which refers to an enterprise whose revenues generated from its main business accounts for 60% or more of its gross income. The applications have been authorised by the tax authorities, and CPCQ is entitled to a 10% reduction on the tax rate during the period between 2021 and 2030. The CPCQ's applicable income tax rate is 15% during the aforementioned periods.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,294,677	398,450	\$ <u>8.27</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	<u>4,012</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 3,294,677</u>	<u>402,462</u>	<u>\$ 8.19</u>

	Year ended December 31, 2022		
		Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,246,597	394,847	\$ <u>8.22</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	7,387	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>3,246,597</u>	<u>402,234</u>	\$ <u>8.07</u>

(26) Changes in liabilities from financing activities:

	2023			
	Short-term borrowings	Lease liability	Others	Total
At January 1	\$ 818,048	\$ 132,602	\$ 12,562	\$ 963,212
Changes in cash flow from financing activities	145,694	( 90,091)	( 2,987)	52,616
Changes in other non-cash items	-	58,488	-	58,488
Impact of changes in foreign exchange rate	-	( 454)	-	( 454)
At December 31	<u>\$ 963,742</u>	<u>\$ 100,545</u>	<u>\$ 9,575</u>	<u>\$ 1,073,862</u>
	2022			
	Short-term borrowings	Lease liability	Others	Total
At January 1	\$ 1,530,943	\$ 177,574	\$ 11,895	\$ 1,720,412
Changes in cash flow from financing activities	( 712,895)	( 103,314)	667	( 815,542)
Changes in other non-cash items	-	51,233	-	51,233
Impact of changes in foreign exchange rate	-	7,109	-	7,109
At December 31	<u>\$ 818,048</u>	<u>\$ 132,602</u>	<u>\$ 12,562</u>	<u>\$ 963,212</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Chicony Electronics Co., Ltd.	Parent company
Hipro Electronics Ltd.	Entity controlled by the same parent company
Quansun Investment Corp. Ltd.	Entity controlled by the same parent company
Qun-Jing Power Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Thailand) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics CEZ s.r.o	Entity controlled by the same parent company
Chicony Electronics Japan Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company
Mao-Ray Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
Xavi Technologies Co., Ltd.	Entity controlled by the same parent company
Xavi Technologies (Suzhou) Co., Ltd.	Entity controlled by the same parent company
Clevo Co.	Other related party
Kapok Computer (Kunshan) Co.	Other related party
Honhui Group (Xinbei, Siyuan)	Other related party
Taipei Twin Towers Limited	Other related party

### (3) Significant related party transactions

#### A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
-Entities controlled by the same parent company	\$ 3,072,790	\$ 3,735,389
-Other related parties	375,613	335,581
-Parent company	1,454	1,968
	<u>\$ 3,449,857</u>	<u>\$ 4,072,938</u>

The terms of the sales to related parties were not significantly different from those of sales to third parties.

B. Purchases and purchases of services

	Years ended December 31,	
	2023	2022
Purchases:		
-Entities controlled by the same parent company	\$ 89	\$ -
Purchases of services:		
-Entities controlled by the same parent company	-	252
-Other related parties	2,340	2,364
-Parent company	51,709	52,212
	54,049	54,828
	<u>\$ 54,138</u>	<u>\$ 54,828</u>

The purchases of services from related parties arise mainly from providing management services to the Group.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
-Entities controlled by the same parent company	\$ 1,134,060	\$ 1,074,838
-Other related parties	81,737	94,957
-Parent company	149	341
	<u>1,215,946</u>	<u>1,170,136</u>
Other receivables:		
-Entities controlled by the same parent company	160	262
	<u>\$ 1,216,106</u>	<u>\$ 1,170,398</u>

(a) The accounts receivable arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

(b) Other receivables arise from payments on behalf of others.



#### D. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
-Entities controlled by the same parent company	\$ 88	\$ -
Other payables:		
-Entities controlled by the same parent company	141	624
-Other related parties	2,457	2,482
-Parent company	8,074	8,549
	<u>10,672</u>	<u>11,655</u>
	<u>\$ 10,760</u>	<u>\$ 11,655</u>

(a) The accounts payable arise mainly from purchase transactions and the payables bear no interest.

(b) The other payables arise mainly from collections, short-term lease payments payable and payments on behalf of others.

#### E. Lease transactions-lessee

(a) As of December 31, 2023, the main lease contracts between the Group and related parties are as follows:

Lessor	Lease subject	Rental calculation and payment	Lease term
-Entities controlled by the same parent company	Buildings and structures	RMB1,717 (in thousands) per year	Within one year
-Parent company	"	\$4,561 per month	Within one year
-Parent company	"	\$498 per month	2018.1.1~2024.1.1

(b) Rental expense arising from leases in office and plants from related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental expense:		
-Entities controlled by the same parent company	\$ 7,542	\$ 13,601
-Parent company	54,644	54,732
	<u>\$ 62,186</u>	<u>\$ 68,333</u>

#### (c) Lease liabilities

##### i. Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
-Parent company	\$ 2,388	\$ 5,900

ii. Interest expense:

	Years ended December 31,	
	2023	2022
-Parent company	\$ 73	\$ 203

(4) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 114,438	\$ 125,006
Post-employment benefits	1,219	1,226
Share-based payments	53,407	54,765
	<u>\$ 169,064</u>	<u>\$ 180,997</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value	Book value	Purpose
	December 31, 2023	December 31, 2022	
Notes receivable	\$ 63,742	\$ 18,048	Discounting notes receivable to banks
Guarantee deposits paid ( shown as 'other non-current assets')	119,489	97,733	Performance guarantee and bid bond
"	37,951	31,483	Guarantee for rentals
"	675	6,565	Others
	<u>\$ 221,857</u>	<u>\$ 153,829</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2023, for financing forward exchange contracts, bill purchase purposes and bank borrowings, the Group provided standby promissory notes totaling \$14,809,488 as security.
- (2) As of December 31, 2023, letters of guarantee for warranty and guarantee letter of credit provided by the bank to the Group amounted to \$1,077,794.
- (3) As of December 31, 2023, the Group provided guarantee notes totaling \$63,379 as security for performance guarantee.
- (4) As of December 31, 2023, the unpaid amounts for construction in progress and acquisition of machinery and equipment amounted to approximately \$452,761.

10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) The appropriations of 2023 earnings and proposal for employees' compensation and directors' remuneration distribution have been proposed by the Board of Directors on March 12, 2024. Please see Note 6(15).
- (2) The Company's Board of Directors resolved to increase its capital in the Company's subsidiary, Chicony Power Technology (Thailand) Co., Ltd., and the expected increased investment amount was BAHT 100,000 thousand.

## 12. OTHERS

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,223,874	\$ 1,068,355
Financial assets at fair value through other comprehensive income - designation of equity instruments	203,825	157,271
Financial assets at amortised cost		
Cash and cash equivalents	4,188,460	1,267,854
Notes receivable	94,422	60,144
Accounts receivable (including related parties)	9,780,801	10,839,210
Other receivables (including related parties)	23,532	33,455
Guarantee deposits paid	158,115	135,781
	<u>\$ 15,673,029</u>	<u>\$ 13,562,070</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ 200,540	\$ 135,794
Financial liabilities at amortised cost		
Short-term borrowings	963,742	818,048
Notes payable	7,071	6,979
Accounts payable (including related parties)	10,432,863	8,792,138
Other payables (including related parties)	3,068,892	3,300,618
Lease liability	100,545	132,602
	<u>\$ 14,773,653</u>	<u>\$ 13,186,179</u>

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. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (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.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and THB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, THB, RMB and HKD). 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			
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 407,551	30.705	\$ 12,513,853
USD:RMB (Note)	324,222	7.0945	9,955,237
USD:THB (Note)	16,965	34.2041	520,910
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 346,061	30.705	\$ 10,625,803
USD:RMB (Note)	165,324	7.0945	5,076,273
USD:THB (Note)	77,068	34.2041	2,366,373
December 31, 2022			
(Foreign currency: functional currency)	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 382,008	30.73	\$ 11,739,106
USD:RMB (Note)	239,813	6.9667	7,369,453
USD:THB (Note)	16,087	34.5165	494,354
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 270,894	30.73	\$ 8,324,573
USD:RMB (Note)	132,506	6.9667	4,071,909
USD:THB (Note)	41,981	34.5165	1,290,076

Note: The method is to disclose in foreign currency. The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

- iv. 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 \$178,348 and \$446,716, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	125,139	\$ -
USD:RMB	1%		99,552	-
USD:THB	1%		5,209	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	106,258	\$ -
USD:RMB	1%		50,763	-
USD:THB	1%		23,664	-
Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	117,391	\$ -
USD:RMB	1%		73,695	-
USD:THB	1%		4,944	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	83,246	\$ -
USD:RMB	1%		40,719	-
USD:THB	1%		12,901	-

### 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 shares and open-end funds issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$11,553 and \$9,897, respectively, as a result of gains/losses on financial instruments classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,038 and \$1,573, 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

The Group's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rates were denominated in NTD and USD.

As of December 31, 2023 and 2022, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 both would have been \$2,409 and \$2,045 lower/higher, respectively.

### (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 fair value through profit or loss.
- ii. 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.

- iii. The Group manages credit risk of cash in banks and other financial instruments based on the Group's credit policy. Banks with good credit and financial institutions with investment-grade credit ratings are accepted as counterparties.
- iv. The Group adopts the assumptions under IFRS 9, that is, 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. According to the internal management policy, the default occurs when the contract payments are past due over 360 days.
- v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss.
- vi. The Group used the forecastability of industry prospect and macroeconomic environment to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). As of December 31, 2023 and 2022, the provision matrix is as follows:

<u>December 31, 2023</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.03%	\$ 9,663,530	\$ 2,674
1 - 30 days past due	1%~5%	62,022	2,903
31 - 120 days past due	5%~20%	70,773	12,659
121 - 210 days past due	20%~100%	3,875	1,163
Over 210 days	100%	90,189	90,189
		<u>\$ 9,890,389</u>	<u>\$ 109,588</u>
<u>December 31, 2022</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.04%	\$ 10,567,607	\$ 3,962
1 - 30 days past due	1%~5%	110,342	3,975
31 - 120 days past due	5%~20%	122,053	9,474
121 - 210 days past due	20%~100%	74,405	17,786
Over 210 days	100%	44,667	44,667
		<u>\$ 10,919,074</u>	<u>\$ 79,864</u>

- vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 79,864	\$ 60,878
Provision for impairment loss	29,558	19,140
Effect of foreign exchange	166	( 154)
At December 31	<u>\$ 109,588</u>	<u>\$ 79,864</u>



viii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

- (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
- (b) The disappearance of an active market for that financial asset because of financial difficulties;
- (c) Default or delinquency in interest or principal repayments;
- (d) Adverse changes in national or regional economic conditions that are expected to cause a default.

(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 debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Group held money market position of \$4,793,788 and \$1,702,570, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	<u>\$ 13,023,541</u>	<u>\$ 10,815,243</u>

- iv. 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.

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 965,208	\$ -
Notes payable	7,071	-
Accounts payable (including related parties)	10,432,863	-
Other payables (including related parties)	3,068,892	-
Lease liability	65,938	39,284
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	200,540	-
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 820,364	\$ -
Notes payable	6,979	-
Accounts payable (including related parties)	8,792,138	-
Other payables (including related parties)	3,300,618	-
Lease liability	82,895	56,235
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	135,794	-

### (3) Fair value of financial instruments

- 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 listed (including emerging) stocks and beneficiary certificates 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 private placement of listed shares and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 354,648	\$ -	\$ -	\$ 354,648
Beneficiary certificates	68,879	-	-	68,879
Non-hedging derivatives				
Forward exchange contracts	-	28,207	-	28,207
Exchange rate swap contracts	-	40,324	-	40,324
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	260,888	260,888
Beneficiary certificates	10,920	-	460,008	470,928
Financial assets at fair value through other comprehensive income - current				
Equity securities	184,697	-	-	184,697
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	-	19,128	19,128
	<u>\$ 619,144</u>	<u>\$ 68,531</u>	<u>\$ 740,024</u>	<u>\$ 1,427,699</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 195,799	\$ -	\$ 195,799
Exchange rate swap contracts	-	4,741	-	4,741
	<u>\$ -</u>	<u>\$ 200,540</u>	<u>\$ -</u>	<u>\$ 200,540</u>

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 243,151	\$ -	\$ -	\$ 243,151
Beneficiary certificates	56,283	-	-	56,283
Non-hedging derivatives				
Forward exchange contracts	-	57,423	-	57,423
Exchange rate swap contracts	-	21,253	-	21,253
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	225,592	225,592
Beneficiary certificates	15,420	-	449,233	464,653
Financial assets at fair value through other comprehensive income - current				
Equity securities	138,863	-	-	138,863
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	-	18,408	18,408
	<u>\$ 453,717</u>	<u>\$ 78,676</u>	<u>\$ 693,233</u>	<u>\$ 1,225,626</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 117,441	\$ -	\$ 117,441
Exchange rate swap contracts	-	18,353	-	18,353
	<u>\$ -</u>	<u>\$ 135,794</u>	<u>\$ -</u>	<u>\$ 135,794</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging Stocks	Open-end fund
Market quoted price	Closing price	Average trade price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3:

	2023		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 449,233	\$ 244,000	\$ 693,233
Acquired during the year	33,711	-	33,711
Capital reduction during the year	-	( 11,950)	( 11,950)
Gains and losses recognised in profit or loss	( 22,032)	47,246	25,214
Gains and losses recognised in other comprehensive income	-	720	720
Effect of exchange rate changes	( 904)	-	( 904)
At December 31	<u>\$ 460,008</u>	<u>\$ 280,016</u>	<u>\$ 740,024</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2023 (Note)	<u>(\$ 22,032)</u>	<u>\$ 47,246</u>	<u>\$ 25,214</u>
	2022		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 358,584	\$ 275,302	\$ 633,886
Acquired during the year	83,055	-	83,055
Capital reduction during the year	-	( 14,063)	( 14,063)
Losses recognised in profit or loss	( 8,429)	( 14,785)	( 23,214)
Gains and losses recognised in other comprehensive income	-	( 2,454)	( 2,454)
Effect of exchange rate changes	16,023	-	16,023
At December 31	<u>\$ 449,233</u>	<u>\$ 244,000</u>	<u>\$ 693,233</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2022 (Note)	<u>(\$ 8,429)</u>	<u>(\$ 14,785)</u>	<u>(\$ 23,214)</u>

Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

G. 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	\$ 280,016	Net asset value	N/A	-	N/A
Venture capital shares					
Private equity fund investment	460,008	Net asset value	N/A	-	N/A
	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	\$ 244,000	Net asset value	N/A	-	N/A
Venture capital shares					
Private equity fund investment	449,233	Net asset value	N/A	-	N/A

H. 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		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Net asset value	±1%	\$ 2,609	(\$ 2,609)	\$ 191	(\$ 191)
Beneficiary certificates	Net asset value	±1%	4,600	( 4,600)	-	-
			<u>\$ 7,209</u>	<u>(\$ 7,209)</u>	<u>\$ 191</u>	<u>(\$ 191)</u>

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Net asset value	±1%	\$ 2,256	(\$ 2,256)	\$ 184	(\$ 184)
Beneficiary certificates	Net asset value	±1%	4,492	( 4,492)	-	-
			<u>\$ 6,748</u>	<u>(\$ 6,748)</u>	<u>\$ 184</u>	<u>(\$ 184)</u>

(4) Other matters

The Group originally recorded construction in progress arising from contracts with customers under inventories in 2022. However, in accordance with IFRS 15, these assets should be classified as contract assets, and therefore the related accounts in 2022 have been reclassified. The reclassification had no effect on basic earnings per share and diluted earnings per share.

			December 31, 2022		
	Before reclassifications		Reclassifications amount		After reclassifications
Contract assets	\$ -		\$ 295,282		\$ 295,282
Inventories	6,839,411	(	295,282)		6,544,129

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- 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 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- 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: Refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Chief Operating Decision-Maker considers the business from a geographic and product type perspective; geographically, the Group currently focuses on wholesale in Taiwan, Mainland China and US.

The Group's organisation, basis of department segmentation and principles for measuring segment information for the year were not significantly changed.

(2) Measurement of segment information

A. The accounting policies of operating departments are the same as the accounting policies summarised in Note 4.

B. The Group evaluates performance based on external revenue and segment income which had already eliminated the effect of segment transactions.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

<u>Year ended December 31, 2023</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from external customers	\$ 34,190,278	\$ 1,132,633	\$ 987,908	\$ 36,310,819
Inter-segment revenue	816,803	30,598,283	-	31,415,086
Total-segment revenue	<u>\$ 35,007,081</u>	<u>\$ 31,730,916</u>	<u>\$ 987,908</u>	<u>\$ 67,725,905</u>
Segment profit	<u>\$ 1,861,294</u>	<u>\$ 3,025,675</u>	<u>\$ 57,021</u>	<u>\$ 4,943,990</u>
 <u>Year ended December 31, 2022</u>	 <u>Taiwan</u>	 <u>Asia</u>	 <u>America</u>	 <u>Total</u>
Revenue from external customers	\$ 38,663,676	\$ 1,359,036	\$ 1,043,398	\$ 41,066,110
Inter-segment revenue	1,147,671	35,226,761	-	36,374,432
Total-segment revenue	<u>\$ 39,811,347</u>	<u>\$ 36,585,797</u>	<u>\$ 1,043,398</u>	<u>\$ 77,440,542</u>
Segment profit	<u>\$ 2,821,990</u>	<u>\$ 2,287,981</u>	<u>\$ 95,273</u>	<u>\$ 5,205,244</u>

(4) Reconciliation for segment income

A. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.



B. A reconciliation of reportable segment profit to the profit before tax for the years ended December 31, 2023 and 2022 is provided as follows:

	Years ended December 31,	
	2023	2022
Reportable segment profit	\$ 4,943,990	\$ 5,205,244
Unclassified related profit and loss	( 982,819)	( 1,287,768)
Non-operating income and expenses	206,805	145,814
Profit before tax	<u>\$ 4,167,976</u>	<u>\$ 4,063,290</u>

(5) Information on products and services

Revenue from third parties is as follows:

	Years ended December 31,	
	2023	2022
Electronic component products	\$ 30,442,278	\$ 33,475,699
Consumer electronic products and other electronic products	4,086,283	6,554,039
Others	1,782,258	1,036,372
	<u>\$ 36,310,819</u>	<u>\$ 41,066,110</u>

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	\$ 26,051,197	\$ 6,690,028	\$ 30,508,427	\$ 6,279,254
US	6,895,612	931	7,432,715	1,313
Europe	452,616	-	675,674	-
Others	2,911,394	-	2,449,294	-
	<u>\$ 36,310,819</u>	<u>\$ 6,690,959</u>	<u>\$ 41,066,110</u>	<u>\$ 6,280,567</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but exclude financial instruments and deferred income tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Segment	Revenue	Segment
Company A	\$ 5,445,005	Taiwan	\$ 5,480,255	Taiwan
Company B	4,126,837	Taiwan	4,387,194	Taiwan
Company C	2,983,395	Taiwan	4,417,417	Taiwan
	<u>\$ 12,555,237</u>		<u>\$ 14,284,866</u>	

## CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Loans to others  
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 2)	Balance at December 31, 2023 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
													Item	Value			
0	The Company	CPH	Other receivables - related parties	YES	\$ 3,307,860	\$ 2,026,530	\$ 1,719,480	1	2	\$ -	working capital	\$ -	None	None	\$ 5,522,038	\$ 5,522,038	-
0	The Company	CPHK	Other receivables - related parties	YES	245,920	184,230	-	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	CPUS	Other receivables - related parties	YES	468,600	460,575	236,429	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	WTS	Other receivables - related parties	YES	93,720	92,115	37,460	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	CT	Other receivables - related parties	YES	110,000	100,000	47,000	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
1	CPDG	TORCH	Other receivables - related parties	YES	361,379	351,866	345,807	1.6	2	-	working capital	-	None	None	1,549,957	1,549,957	-
2	CPI	The Company	Other receivables - related parties	YES	1,545,453	-	-	0	2	-	working capital	-	None	None	9,625,116	9,625,116	-
2	CPI	CPHK	Other receivables - related parties	YES	1,465,836	1,387,866	1,359,924	0	2	-	working capital	-	None	None	9,625,116	9,625,116	-
2	CPI	CT	Other receivables - related parties	YES	15,542	-	-	0	2	-	working capital	-	None	None	3,850,046	3,850,046	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: (1) Total financing amount should not exceed the Company's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the Company's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(2) Total financing amount should not exceed the subsidiary's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(3) Total financing amount between foreign companies whose voting rights are 100% directly or indirectly held by the Company or total financing amount granted by the Company to foreign companies whose voting rights are 100% directly or indirectly held by the Company should not exceed the creditor's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The financing period should not exceed three years. The restrictions on loans to any individual party are as follows:

a. the total financing amount to any individual party should not exceed the creditor's stockholders' equity, or the higher of sales/purchases during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed the creditor's stockholders' equity for the purpose of short-term financing.

(4) Except for (3), the financing period should not exceed one year.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

					As of December 31, 2023				
Securities held by		Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Common stock	Newmax Technology Co., Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current (Common stock)	2,660,983	\$ 99,388	1.44	\$ 99,388	-
The Company	Common stock	Powertech Technology Inc.	The Company's independent director is the chairman of the securities issuer	Financial assets at fair value through profit or loss - current (Common stock)	60,000	8,460	0.01	8,460	-
The Company	Common stock	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	177,900	-	177,900	-
The Company	Common stock	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current (Common stock)	500,000	26,300	-	26,300	-
The Company	Common stock	Nuvoton Technology Corp.	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	42,600	0.07	42,600	-
The Company	Beneficiary certificates	Yuanta/P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - current (Fund)	450,000	60,953	0.02	60,953	-
The Company	Beneficiary certificates	Cathay TIP TAIEX+ Low Volatility Select 30 ETF	-	Financial assets at fair value through profit or loss - current (Fund)	300,000	7,926	0.12	7,926	-
The Company	Common stock	WK Venature Capital Management CO. Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	780,000	21,131	1.00	21,131	-
The Company	Common stock	Top Taiwan Venture Capital Management Co., Ltd.	The Company is this company's supervisor	Financial assets at fair value through profit or loss - non-current (Common stock)	5,118,750	112,649	9.38	112,649	-
The Company	Common stock	Chen Ding Venture Capital Management Co., Ltd.	The Company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	10,000,000	127,108	7.41	127,108	-
The Company	Beneficiary certificates	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,000,000	10,920	-	10,920	-
The Company	Beneficiary certificates	Fuh Hwa New Smart Energy Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	21,000,000	117,600	-	117,600	-
The Company	Beneficiary certificates	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,295,868	63,651	-	63,651	-
The Company	Beneficiary certificates	Fuh Hwa Capital Tech Ventures L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	-	30,900	-	30,900	-
The Company	Common stock	CLEVO CO.	The director of the Company's parent company is the director of the securities issuer	Financial assets at fair value through other comprehensive income - current (Common stock)	4,538,000	184,697	0.72	184,697	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,979,291	-	-	-	-
The Company	Common stock	TAIPEI TECH Venture Capital Co.,Ltd.	The Company is this company's corporate director	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,500,000	19,128	5.00	19,128	-
CPI	Beneficiary certificates	Celesta Capital II, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,140,058	120,683	-	120,683	-
CPI	Beneficiary certificates	Celesta Capital IV, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,900,000	127,174	-	127,174	-
CPI	Common stock	Anxin-China Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - current (Common stock)	8,300,000	-	0.27	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
CPH	Unfinished construction	February 10, 2022	\$1,218,639 (THB 1,361,000 thousand)	\$ 960,472	China State Construction Engineering (Thailand) Co., Ltd.	None	-	-	-	\$ -	contract price	The factory for business	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: 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 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions					
			Transaction				transactions		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote	
Sales												
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	Sales	(\$ 371,020)	1	60 days	Note 1	Note 1	\$ 81,621	1	-	
The Company	Chicony Electronics CEZ s.r.o.	Entity controlled by the same parent company	Sales	( 212,337)	1	120 days	Note 1	Note 1	12,832	0	-	
The Company	Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	( 212,781)	1	60-90 days	Note 1	Note 1	31,077	0	-	
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	( 1,424,962)	4	90 days	Note 1	Note 1	621,854	7	-	
The Company	Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company	Sales	( 616,468)	2	90 days	Note 1	Note 1	239,053	3	-	
The Company	Mao-Ray Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	( 348,290)	1	90 days	Note 1	Note 1	157,371	2	-	
The Company	CPUS	Subsidiary	Sales	( 738,598)	2	90 days	Note 1	Note 1	320,485	3	-	
CPTH	The Company	The parent company of CPTH	Sales	( 1,977,267)	100	45 days	Note 1	Note 1	353,584	100	-	
CPDG	The Company	The parent company of CPH	Sales	( 6,324,136)	93	45 days	Note 1	Note 1	1,127,157	84	-	
CPDG	CPTH	Subsidiary	Sales	( 179,506)	3	60 days	Note 1	Note 1	76,065	6	-	
CPDG	TORCH	Subsidiary	Sales	( 163,529)	2	150 days	Note 1	Note 1	89,622	7	-	
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	( 257,841)	2	90 days	Note 1	Note 1	71,863	1	-	
CPSZ	The Company	The parent company of CPH	Sales	( 13,790,177)	95	45 days	Note 1	Note 1	4,727,124	94	-	
CPSZ	CPTH	Subsidiary	Sales	( 163,422)	1	60 days	Note 1	Note 1	168,083	3	-	
CPSZ	CPCQ	Subsidiary	Sales	( 136,568)	1	60 days	Note 1	Note 1	35,593	1	-	
CPCQ	The Company	The parent company of CPH	Sales	( 7,108,604)	97	45 days	Note 1	Note 1	3,765,171	98	-	
CPCQ	CPSZ	Subsidiary	Sales	( 145,885)	2	60 days	Note 1	Note 1	52,018	1	-	
GSE	CPDG	Subsidiary	Sales	( 248,688)	36	60 days	Note 1	Note 1	72,979	31	-	
GSE	CPSZ	Subsidiary	Sales	( 168,271)	24	60 days	Note 1	Note 1	65,182	28	-	
Purchases												
The Company	CPTH	Subsidiary	Purchases	\$ 1,977,267	7	45 days	Note 2	Note 2	(\$ 353,584)	3	-	
The Company	CPDG	Subsidiary	Purchases	6,324,136	22	45 days	Note 2	Note 2	( 1,127,157)	11	-	
The Company	CPSZ	Subsidiary	Purchases	13,790,177	46	45 days	Note 2	Note 2	( 4,727,124)	47	-	
The Company	CPCQ	Subsidiary	Purchases	7,108,604	24	45 days	Note 2	Note 2	( 3,765,171)	37	-	
CPUS	The Company	The parent company of CPH	Purchases	738,598	100	90 days	Note 2	Note 2	( 320,485)	100	-	
CPTH	CPSZ	Subsidiary	Purchases	163,422	15	60 days	Note 2	Note 2	( 168,083)	22	-	
CPTH	CPDG	Subsidiary	Purchases	179,506	14	60 days	Note 2	Note 2	( 76,065)	7	-	
CPDG	GSE	Subsidiary	Purchases	248,688	5	60 days	Note 2	Note 2	( 72,979)	3	-	
CPSZ	GSE	Subsidiary	Purchases	168,271	1	60 days	Note 2	Note 2	( 65,182)	1	-	
CPSZ	CPCQ	Subsidiary	Purchases	145,885	1	60 days	Note 2	Note 2	( 52,018)	1	-	
CPCQ	CPSZ	Subsidiary	Purchases	136,568	3	60 days	Note 2	Note 2	( 35,593)	2	-	
TORCH	CPDG	Subsidiary	Purchases	163,529	26	150 days	Note 2	Note 2	( 89,622)	36	-	

Note 1 : The terms of the sales to related parties were not significantly different from those of sales to third parties and offering reasonable sales discounts.

Note 2 : The terms of the purchases to related parties were not significantly different from those of purchases to third parties.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Financial funds receivable								
The Company	CPTH	Subsidiary	\$ 1,726,213	-	\$ -	-	\$ -	\$ -
The Company	CPUS	Second-tier subsidiary	237,638	-	-	-	-	-
CPI	CPHK	Second-tier subsidiary	1,359,924	-	-	-	-	-
CPDG	TORCH	Subsidiary	355,323	-	-	-	-	-
Accounts receivable								
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	\$ 621,854	2.48	\$ -	-	\$ -	\$ -
The Company	Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company	239,053	2.91	-	-	-	-
The Company	Mao-Ray Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	157,371	2.66	-	-	-	-
The Company	CPUS	Subsidiary	320,485	1.56	-	-	-	-
CPTH	The Company	The parent company of CPH	353,584	5.04	-	-	-	-
CPDG	The Company	The parent company of CPH	1,127,157	5.97	-	-	-	-
CPSZ	The Company	The parent company of CPH	4,727,124	3.53	-	-	-	-
CPSZ	CPTH	Subsidiary	168,083	1.49	-	-	-	-
CPCQ	The Company	The parent company of CPH	3,765,171	2.10	-	-	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	The Company	CPUS	1	Sales	\$ 738,598	Note 4	2
0	The Company	CPUS	1	Accounts receivable - related party	320,485	Note 4	1
0	The Company	CPTH	1	Other receivables - related party	1,726,213	Note 5	6
1	CPTH	The Company	2	Sales	1,977,267	Note 4	5
1	CPTH	The Company	2	Accounts receivable - related party	353,584	Note 4	1
2	CPI	CPHK	3	Other receivables - related party	1,359,924	Note 5	5
3	CPDG	The Company	2	Sales	6,324,136	Note 4	17
3	CPDG	The Company	2	Accounts receivable - related party	1,127,157	Note 4	4
3	CPDG	TORCH	3	Other receivables - related party	355,323	Note 5	1
4	CPSZ	The Company	2	Sales	13,790,177	Note 4	38
4	CPSZ	The Company	2	Accounts receivable - related party	4,727,124	Note 4	16
5	CPCQ	The Company	2	Sales	7,108,604	Note 4	20
5	CPCQ	The Company	2	Accounts receivable - related party	3,765,171	Note 4	13

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1 : The number 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 belong to (If transactions between parent company and subsidiaries or between refer to the same transactions, 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 subsidiaries, if one of the subsidiaries has disclosed the transactions, 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 period to consolidated total operating revenues for income statement accounts.

Note 4 : Depends on the transaction quantity and the market situation.

Note 5 : The terms of related parties loans depend on both parties' operation situation.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Information on investees  
December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the 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	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	\$ 326,350 (USD 10,000 thousand)	\$ 326,350 (USD 10,000 thousand)	10,000,000	100	\$ 9,221,802	\$ 1,581,072	\$ 1,753,737	Subsidiary
The Company	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Thailand	Manufacturing and sales of switching power supplies and other electronics parts	495,060 (THB 550,000 thousand)	495,060 (THB 550,000 thousand)	99,000,000	100	814,694	197,455	197,455	Subsidiary
CPH	Chicony Power International Inc. (CPI)	Cayman Islands	Investment holdings	307,050 (USD 10,000 thousand)	307,050 (USD 10,000 thousand)	10,000,000	100	9,625,116	1,581,071	-	Subsidiary
CPI	Chicony Power USA, Inc. (CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	40,438 (USD 1,317 thousand)	40,438 (USD 1,317 thousand)	1,500,000	100	51,432	11,759	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited (CPHK)	Hong Kong	Research and development center and investment holdings	337,215 (HKD 85,800 thousand)	337,215 (HKD 85,800 thousand)	46,800,000	100	8,127,405	1,618,697	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design and R&D of LED lighting modules and investment holdings	316,722 (USD 10,315 thousand)	316,722 (USD 10,315 thousand)	12,800,000	100 (	202,492) (	88,498)	-	Subsidiary
WTS	Carlght Technology Co., Ltd. (CT)	Taiwan	Design, R&D and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100 (	46,219)	7,731	-	Subsidiary

Note: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2023, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the annual reporting period.



## CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Information on investments in Mainland China

December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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 (Note 2, 3)	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							
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	\$ 593,135	2.(1)	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ 191,587	100	\$ 191,587	\$ 1,549,957	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	1,297,467	2.(1)	45,197	-	-	45,197	947,128	100	947,128	4,753,196	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics components and transformers	131,175	2.(1)	33,573	-	-	33,573	735	100	2,008	248,016	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics components	301,744	2.(1)	-	-	-	-	467,880	100	467,880	2,821,467	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Smart building solutions	44,379	2.(1)	-	-	-	-	( 9,998)	100	( 9,998)	31,681	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, and other electronics and smart building system industry.	10,491	2.(1)	-	-	-	-	( 1,857)	100	( 1,857)	( 2,161)	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting modules	331,859	2.(2)	-	-	-	-	( 95,764)	100	( 95,764)	( 119,010)	-	-
Zhuzhou Torch Auto Lamp CO., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2.(2)	-	-	-	-	( 95,675)	100	( 95,675)	( 123,742)	-	-
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										
The Company	\$ 193,178	\$ 2,257,522	\$ 8,283,057										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

1. Directly invest in a company in Mainland China.

2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The third areas are as follows:

(1) Chicony Power Technology Hong Kong Limited.

(2) Witslight Technology Co., Ltd.

3. Others.

Note 2: The gain or loss from investment which recognised in the current period including the recognition and derecognition of realised and unrealised profit or income of upstream and sidestream sales.

Note 3: Based on the financial statements audited by the parent companies' CPA.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 9

Name of major shareholders	Shares		Ownership (%)
	Number of shares held (Common stock)	Number of shares held (Preferred stock)	
Chicony Electronics Co., Ltd.	206,706,594	-	51.80%
Lee, Tse-Ching	24,362,547	-	6.10%

Note 1: (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(b) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

## **Attachment 2**

Individual Financial Statements in 2023 Audited by the CPA

**CHICONY POWER TECHNOLOGY CO.,  
LTD.**

**PARENT COMPANY ONLY FINANCIAL**

**STATEMENTS AND INDEPENDENT AUDITORS’**

**REPORT**

**DECEMBER 31, 2023 AND 2022**

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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 Chicony Power Technology Co., Ltd.

***Opinion***

We have audited the accompanying parent company only balance sheets of Chicony Power Technology Co., Ltd. (the "Company") as of 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, based on our audits and the reports of other auditors (refer to *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

***Basis for Opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's 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. Based on our audits and the reports of other auditors, 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 judgement, 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 Company's 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:

#### **Appropriateness of Cut-off of Warehouse Sales Revenue**

##### Description

Refer to Notes 4(26) and 6(16) for accounting policy on revenue recognition and related details of revenue.

The Company has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. Hub warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians.

Since the Company's warehouses are located in multiple countries, the frequency of information and the content of reports provided by the custodians are different, and the revenue recognition process involves several manual operations, which may result in inappropriate timing of revenue recognition. Given that the revenue from warehouse sales not properly recorded in the correct period has a significant impact on the financial statements, we considered the cut-off of the warehouse sales revenue as one of the key areas of focus for this fiscal year's audit.

##### How our audit addressed the matter

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

1. Obtained an understanding and evaluated the internal controls for regular reconciliation between the Company and its warehouse custodians.



2. Performed the revenue recognition cut-off tests of warehouse sales revenue around the certain period of balance sheet date, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Company's accounting records in order to assess the appropriateness of the timing of revenue recognition.
3. Verified the warehouse with significant ending inventory balances sending confirmation letters to validate inventory balances with the warehouse custodians.

### **Inventory Valuation**

#### Description

Refer to Notes 4(10), 5(2) and 6(5) for inventory accounting policy, accounting estimates and assumptions, and details of inventory valuation.

The Company's main inventories are switching power supply, electronic components, and LED application products. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses. The determination of net realisable value for obsolete or slow-moving inventory are subject to management's judgement. Considering that the Company's inventory balance and the allowance for inventory valuation losses are material to the financial statements, we considered the valuation of inventory as one of the key audit matters.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the accounting policies comply with related accounting standards and examined the reasonableness of valuation procedures used by management including net realisable value used in inventory, operating expense ratio and the reasonableness of managing the obsolescence of inventory. In addition to the above, checked whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods.

2. Obtained the net realisable value report of inventory at the end of the reporting period, confirmed the consistency of the estimation policy applied and sampled and tested key parameters which includes inventory price or purchase price in order to verify whether the net realisable value used by management was in line with its policies. Also, recalculated the accuracy of allowance for inventory valuation loss on individual inventory items.

***Other Matter - Scope of the Audit***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion 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 aforementioned Company's investments accounted for under the equity method amounted to NT\$51,432 thousand and NT\$39,884 thousand, constituting 0.18% and 0.16% of total assets as of December 31, 2023 and 2022, respectively, and the comprehensive income amounted to NT\$11,549 thousand and NT\$28,180 thousand, constituting 0.36% and 0.83% of the total comprehensive income for the years then ended, respectively.

***Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 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 audit committee, are responsible for overseeing the Company's financial reporting process.

***Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements***

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements 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.

Liang, Hua-Ling

Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2024

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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.

CHICONY POWER TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	1,638,410	6	\$	453,577	2
1110	Financial assets at fair value through profit or loss - current	6(2)		492,058	2		378,110	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)		184,697	1		138,863	-
1140	Current contract assets	6(16)		929,805	3		295,282	1
1150	Notes receivable, net	6(4)		3,293	-		1,663	-
1170	Accounts receivable, net	6(4)		7,963,722	28		8,917,428	36
1180	Accounts receivable - related parties	7		1,472,673	5		1,637,079	7
1200	Other receivables			1,179	-		2,614	-
1210	Other receivables - related parties	7		2,048,755	7		1,154,514	5
130X	Inventories, net	6(5)		2,276,307	8		2,429,391	10
1410	Prepayments			210,720	1		146,617	1
11XX	TOTAL CURRENT ASSETS			17,221,619	61		15,555,138	63
NON-CURRENT ASSETS								
1510	Financial assets at fair value through profit or loss - non-current	6(2)		483,959	2		490,521	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		19,128	-		18,408	
1550	Investments accounted for under equity method	6(6)		10,036,496	35		8,248,272	33
1600	Property, plant and equipment, net	6(7)		95,649	-		94,615	-
1755	Right-of-use assets	6(8)		19,629	-		29,168	-
1780	Intangible assets			38,279	-		31,227	-
1840	Deferred income tax assets	6(23)		198,006	1		201,244	1
1900	Other non-current assets	8		174,298	1		132,491	1
15XX	TOTAL NON-CURRENT ASSETS			11,065,444	39		9,245,946	37
1XXX	TOTAL ASSETS		\$	28,287,063	100	\$	24,801,084	100

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(9)	\$ 900,000	3	\$ 800,000	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	200,540	1	135,794	1
2130	Contract liabilities - current	6(16)	421,350	2	362,041	1
2150	Notes payable		7,071	-	6,809	-
2170	Accounts payable		166,092	1	262,596	1
2180	Accounts payable - related parties	7	9,973,036	35	7,531,480	30
2200	Other payables	6(10)	1,927,978	7	1,948,589	8
2220	Other payables - related parties	7	19,330	-	39,006	-
2230	Current income tax liabilities		702,252	2	865,938	4
2280	Lease liabilities - current	7	7,284	-	12,262	-
2300	Other current liabilities		12,252	-	11,584	-
21XX	TOTAL CURRENT LIABILITIES		14,337,185	51	11,976,099	48
NON-CURRENT LIABILITIES						
2570	Deferred income tax liabilities	6(23)	95,604	-	81,766	1
2580	Lease liabilities - non-current	7	12,814	-	17,710	-
2600	Other non-current liabilities	6(11)	36,365	-	30,583	-
25XX	TOTAL NON-CURRENT LIABILITIES		144,783	-	130,059	1
2XXX	TOTAL LIABILITIES		14,481,968	51	12,106,158	49
EQUITY						
SHARE CAPITAL						
3110	Common stock	6(12)	3,990,401	14	3,953,884	16
CAPITAL SURPLUS						
3200	Capital surplus	6(13)	2,965,835	10	2,714,230	10
RETAINED EARNINGS						
3310	Legal reserve	6(14)	1,918,979	7	1,601,450	6
3320	Special reserve		984,842	4	1,185,148	5
3350	Unappropriated retained earnings		5,046,294	18	4,225,056	17
OTHER EQUITY INTEREST						
3400	Other equity interest	6(15)	( 1,101,256)	( 4)	( 984,842)	( 3)
3XXX	TOTAL EQUITY		13,805,095	49	12,694,926	51
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS						
SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE						
3X2X	TOTAL LIABILITIES AND EQUITY		\$ 28,287,063	100	\$ 24,801,084	100

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY POWER TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Years ended December 31,			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 SALES REVENUE	6(16) and 7	\$	35,007,081	100	\$ 39,811,346	100
5000 OPERATING COSTS	6(5)(21)(22)	(	30,606,577	( 87)	( 34,489,051)	( 87)
5900 GROSS PROFIT			4,400,504	13	5,322,295	13
OPERATING EXPENSES	6(21)(22) and 7					
6100 Selling expenses		(	372,244	( 1)	( 456,835)	( 1)
6200 General and administrative expenses		(	596,652	( 2)	( 559,173)	( 1)
6300 Research and development expenses		(	1,641,359	( 5)	( 1,581,123)	( 4)
6450 Expected credit loss	12(2)	(	44,400	-	( 940)	-
6000 TOTAL OPERATING EXPENSES		(	2,654,655	( 8)	( 2,598,071)	( 6)
6900 OPERATING PROFIT			1,745,849	5	2,724,224	7
NON-OPERATING INCOME AND EXPENSES						
7100 Interest income	6(17) and 7		59,510	-	20,950	-
7010 Other income	6(18)		106,073	-	96,317	-
7020 Other gains and losses	6(19)	(	86,908	-	( 190,669)	( 1)
7050 Finance costs	6(20) and 7	(	78,968	-	( 97,275)	-
7070 Share of profit of associates and joint ventures accounted for under equity method, net	6(6)		1,951,192	6	1,156,978	3
7000 TOTAL NON-OPERATING INCOME AND EXPENSES			1,950,899	6	986,301	2
7900 PROFIT BEFORE INCOME TAX			3,696,748	11	3,710,525	9
7950 Income tax expense	6(23)	(	402,071	( 2)	( 463,928)	( 1)
8200 PROFIT FOR THE YEAR		\$	3,294,677	9	\$ 3,246,597	8
OTHER COMPREHENSIVE INCOME COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
8311 Remeasurement of defined benefit plan	6(11)	( \$	1,879)	-	\$ 5,623	-
8316 Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)		46,554	-	( 31,067)	-
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(15)		65	-	( 8,073)	-
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS						
8361 Financial statements translation differences of foreign operations	6(15)	(	163,033	-	162,517	-
8300 TOTAL OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		( \$	118,293	-	\$ 129,000	-
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$	3,176,384	9	\$ 3,375,597	8
EARNINGS PER SHARE (NT\$)	6(24)					
9750 BASIC EARNINGS PER SHARE		\$	8.27		\$ 8.22	
9850 DILUTED EARNINGS PER SHARE		\$	8.19		\$ 8.07	

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY POWER TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings		Unappropriated retained earnings	Other equity interest	Total equity
				Legal reserve	Special reserve			
<u>Year ended December 31, 2022</u>								
BALANCE AT JANUARY 1, 2022		\$ 3,921,472	\$2,484,753	\$ 1,323,114	\$ 1,232,204	\$ 3,337,065	(\$ 1,185,148 )	\$ 11,113,460
Profit for the year		-	-	-	-	3,246,597	-	3,246,597
Other comprehensive income for the year	6(11)(15)	-	-	-	-	5,623	123,377	129,000
Total comprehensive income for the year		-	-	-	-	3,252,220	123,377	3,375,597
Distribution of 2021 earnings	6(14)							
Legal reserve		-	-	278,336	-	( 278,336 )	-	-
Reversal of special reserve		-	-	-	( 47,056 )	47,056	-	-
Cash dividends		-	-	-	-	( 2,056,020 )	-	( 2,056,020 )
Stock for employee compensation	6(12)(13)	32,412	229,477	-	-	-	-	261,889
Disposal of financial assets at fair value through other comprehensive income	6(3)(15)	-	-	-	-	( 76,929 )	76,929	-
BALANCE AT DECEMBER 31, 2022		\$ 3,953,884	\$2,714,230	\$ 1,601,450	\$ 1,185,148	\$ 4,225,056	(\$ 984,842 )	\$ 12,694,926
<u>Year ended December 31, 2023</u>								
BALANCE AT JANUARY 1, 2023		\$ 3,953,884	\$2,714,230	\$ 1,601,450	\$ 1,185,148	\$ 4,225,056	(\$ 984,842 )	\$ 12,694,926
Profit for the year		-	-	-	-	3,294,677	-	3,294,677
Other comprehensive loss for the year	6(11)(15)	-	-	-	-	( 1,879 )	( 116,414 )	( 118,293 )
Total comprehensive income (loss) for the year		-	-	-	-	3,292,798	( 116,414 )	3,176,384
Distribution of 2022 earnings	6(14)							
Legal reserve		-	-	317,529	-	( 317,529 )	-	-
Reversal of special reserve		-	-	-	( 200,306 )	200,306	-	-
Cash dividends		-	-	-	-	( 2,354,337 )	-	( 2,354,337 )
Stock for employee compensation	6(12)(13)	36,517	251,605	-	-	-	-	288,122
BALANCE AT DECEMBER 31, 2023		\$ 3,990,401	\$2,965,835	\$ 1,918,979	\$ 984,842	\$ 5,046,294	(\$ 1,101,256 )	\$ 13,805,095

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY POWER TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 3,696,748	\$ 3,710,525
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(21)	71,617	68,555
Amortisation	6(21)	37,993	35,799
Expected credit loss	12(2)	44,400	940
Interest income	6(17)	( 59,510 )	( 20,950 )
Dividend income	6(18)	( 21,183 )	( 34,852 )
Interest expense	6(20)	78,968	97,275
Net loss on financial assets or liabilities at fair value through profit or loss - derivative instruments	6(2)(19)	191,896	262,795
Net (gain) loss on financial assets at fair value through profit or loss - others	6(2)(19)	( 101,313 )	139,439
Share of profit of associates and joint ventures accounted for under equity method	6(6)	( 1,951,192 )	( 1,156,978 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets or liabilities at fair value through profit or loss - current		( 117,005 )	( 134,780 )
Current contract assets		( 634,523 )	( 213,968 )
Notes receivable, net		( 1,630 )	334
Accounts receivable, net		909,306	764,821
Accounts receivable - related parties		164,406	144,803
Other receivables		1,573	( 1,428 )
Other receivables - related parties		723	6,132
Inventories, net		153,084	483,740
Prepayments		( 64,103 )	( 24,810 )
Changes in operating liabilities			
Contract liabilities - current		59,309	128,323
Notes payable		262	( 572 )
Accounts payable		( 96,504 )	160,442
Accounts payable - related parties		2,441,557	( 250,256 )
Other payables		267,383	527,281
Other payables - related parties		( 2,468 )	618
Other current liabilities		668	3,182
Accrued pension liabilities		3,903	( 12,886 )
Cash inflow generated from operations		5,074,365	4,682,856
Interest received		54,937	21,361
Dividends received		21,108	34,852
Interest paid		( 78,840 )	( 97,552 )
Income taxes paid		( 548,681 )	( 566,726 )
Income taxes refund		-	19,247
Net cash flows from operating activities		4,522,889	4,094,038

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss - others		( \$ 46,979 )	( \$ 153,767 )
Proceeds from disposal of financial assets at fair value through profit or loss - others		30,761	70,051
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	3,952
(Increase) decrease in other receivables - related parties		( 890,454 )	500,121
Acquisition of investments accounted for under equity method		-	( 223,287 )
Acquisition of property, plant and equipment	6(7)	( 48,464 )	( 41,797 )
Proceeds from disposal of property, plant and equipment	6(7)	264	-
Acquisition of intangible assets		( 38,028 )	( 25,986 )
Increase in prepayments for business facilities		( 2,291 )	( 38,780 )
(Increase) decrease in other non-current assets		( 59,057 )	46,449
Net cash flows (used in) from investing activities		( 1,054,248 )	136,956
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(25)	100,000	( 641,867 )
Repayments of lease liabilities	6(25)	( 12,262 )	( 11,283 )
Decrease in other payables - related parties	6(25)	( 17,209 )	( 1,275,214 )
Cash dividends paid	6(14)	( 2,354,337 )	( 2,056,020 )
Net cash flows used in financing activities		( 2,283,808 )	( 3,984,384 )
Net increase in cash and cash equivalents		1,184,833	246,610
Cash and cash equivalents at beginning of year	6(1)	453,577	206,967
Cash and cash equivalents at end of year	6(1)	\$ 1,638,410	\$ 453,577

The accompanying notes are an integral part of these parent company only financial statements.



CHICONY POWER TECHNOLOGY CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANISATION**

Chicony Power Technology Co., Ltd. (the “Company”) was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company is primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting modules, and smart building solutions. Chicony Electronics Co., Ltd. is the Company’s ultimate parent company. As of December 31, 2023, Chicony Electronics Co., Ltd. and its subsidiaries hold 52.1% equity interest in the Company.

**2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION**

These parent company only 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<sup>®</sup>”) 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 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, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and liabilities (including derivative instruments) are measured at fair value through profit or loss.
- (b) Financial assets are measured at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with 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 financial statements of each of the Company’s entities 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 the Company’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 financial performance and financial position of all the subsidiaries 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) 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 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 pay off 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 expected 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) 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 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 Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises 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.

(6) 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 recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
- 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 Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. 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 Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable that have a significant financing component, at each reporting date, the Company 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 that do not contain a significant financing component, the

Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. 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.

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entity) 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. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognise losses in proportion to its ownership.
- D. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the parent company only financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the parent company only financial statements.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are to be capitalised.

- 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 Company 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. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method to allocate their costs 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 balance sheet 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 for the assets are 1-9 years.

(13) 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 Company. 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. Lease payments are fixed payments, less any lease incentives receivable.

The Company 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; and
  - (b) Any lease payments made at or before the commencement date.

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.

(14) Intangible assets

Trademark, right, patent and computer software, are amortised on a straight-line basis over their estimated useful lives of 1-15 years.

(15) Impairment of non-financial assets

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 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. 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.

(16) Borrowings

- A. 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.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(17) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(18) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.



(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) 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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses 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 plan

- 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 Company 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 government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

### C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

### D. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation 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. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

## (23) 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 income 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 parent company only balance sheet. However, the deferred income 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 nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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 income 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 income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income 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 income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) 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.

(25) Dividends

Under the Company's Articles of Incorporation, cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) 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.

- (c) Under the contracts with customers, as 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.

#### B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

#### C. Smart building system service

- (a) The Company provides services related to planning, design, construction and maintenance of smart building systems. Revenue is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include sales and installation services of equipment. Some equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Company recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation.
- (c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

### 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. The information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable 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 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.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 577	\$ 1,168
Checking accounts and demand deposits	1,637,833	452,409
	<u>\$ 1,638,410</u>	<u>\$ 453,577</u>

A. 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.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	\$ 28,207	\$ 57,423
Foreign exchange swap contracts	40,324	21,253
Listed stocks	350,417	319,853
Beneficiary certificates	73,244	73,244
	<u>492,192</u>	<u>471,773</u>
Valuation adjustment	( 134)	( 93,663)
	<u>\$ 492,058</u>	<u>\$ 378,110</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	(\$ 195,799)	(\$ 117,441)
Foreign exchange swap contracts	( 4,741)	( 18,353)
	<u>(\$ 200,540)</u>	<u>(\$ 135,794)</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 158,987	\$ 170,937
Beneficiary certificates	369,264	369,264
	<u>528,251</u>	<u>540,201</u>
Valuation adjustment	( 44,292)	( 49,680)
	<u>\$ 483,959</u>	<u>\$ 490,521</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	(\$ 191,896)	(\$ 262,795)
Others		
Equity instruments	130,576	( 107,951)
Beneficiary certificates	( 29,263)	( 31,488)
	101,313	( 139,439)
	(\$ 90,583)	(\$ 402,234)

B. The Company entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023			
	Contract amount			Expiry date
Derivative financial assets and liabilities	(notional principal)			
Current items:				
Foreign exchange swap contracts				
- Buy NTD, sell USD	USD	37,000	thousand	2024.1.23-2024.3.20
- Sell THB, buy USD	USD	6,000	thousand	2024.3.15
Forward foreign exchange contracts				
- Buy RMB, sell USD	USD	162,500	thousand	2024.1.3-2024.7.11
- Sell THB, buy USD	USD	47,500	thousand	2024.1.17-2024.3.29
	December 31, 2022			
	Contract amount			Expiry date
Derivative financial assets and liabilities	(notional principal)			
Current items:				
Foreign exchange swap contracts				
- Buy NTD, sell USD	USD	63,000	thousand	2023.1.17-2023.4.28
- Sell NTD, buy USD	USD	12,000	thousand	2023.1.30-2023.2.6
Forward foreign exchange contracts				
- Buy RMB, sell USD	USD	112,500	thousand	2023.1.13-2024.1.4
- Buy NTD, sell USD	USD	58,000	thousand	2023.1.6-2023.3.22
- Sell THB, buy USD	USD	18,000	thousand	2023.1.6-2023.3.3

Forward foreign exchange contracts / Foreign exchange swap contracts

The Company entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and interest rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2023	December 31, 2022
Current items:		
Listed stocks	\$ 261,615	\$ 261,615
Valuation adjustment	( 76,918)	( 122,752)
	<u>\$ 184,697</u>	<u>\$ 138,863</u>
Non-current items:		
Unlisted stocks	\$ 437,100	\$ 437,100
Valuation adjustment	( 417,972)	( 418,692)
	<u>\$ 19,128</u>	<u>\$ 18,408</u>

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to the carrying amount as at December 31, 2023 and 2022.

B. During the years ended December 31, 2023 and 2022, the Company sold \$0 and \$3,952 of equity investments at fair value, respectively.

C. 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
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 46,554	(\$ 31,067)
Cumulative losses reclassified to retained earnings due to derecognition	\$ -	(\$ 76,929)
Dividend income recognised in profit or loss held at end of year	\$ 6,807	\$ 11,525

D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 3,293</u>	<u>\$ 1,663</u>
Accounts receivable	\$ 8,068,860	\$ 8,978,166
Less: Allowance for uncollectible accounts	( 105,138)	( 60,738)
	<u>\$ 7,963,722</u>	<u>\$ 8,917,428</u>



A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 7,886,965	\$ 3,293	\$ 8,811,697	\$ 1,663
1-30 days past due	33,288	-	79,504	-
31-120 days past due	55,804	-	42,705	-
121-210 days past due	3,330	-	-	-
Over 210 days	89,473	-	44,260	-
	<u>\$ 8,068,860</u>	<u>\$ 3,293</u>	<u>\$ 8,978,166</u>	<u>\$ 1,663</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$9,744,316.

C. The Company has no notes or 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 notes and accounts receivable held by the Company was equal to carrying amount.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

#### (5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 18,669	(\$ 14,298)	\$ 4,371
Work in progress	364	( 362)	2
Finished goods	2,492,111	( 220,177)	2,271,934
	<u>\$ 2,511,144</u>	<u>(\$ 234,837)</u>	<u>\$ 2,276,307</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 19,737	(\$ 9,189)	\$ 10,548
Work in progress	377	( 324)	53
Finished goods	2,636,345	( 217,555)	2,418,790
	<u>\$ 2,656,459</u>	<u>(\$ 227,068)</u>	<u>\$ 2,429,391</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 30,598,808	\$ 34,394,553
Loss on decline in market value	7,769	94,498
	<u>\$ 30,606,577</u>	<u>\$ 34,489,051</u>

(6) Investments accounted for under equity method

A. Details of investments accounted for under the equity method are as follows:

	December 31, 2023	December 31, 2022
Chicony Power Holdings Inc. (CPH)	\$ 9,221,802	\$ 7,636,624
Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	814,694	611,648
	<u>\$ 10,036,496</u>	<u>\$ 8,248,272</u>

B. Details of share of profit of associates and joint ventures accounted for using equity method are as follows:

	Years ended December 31,	
	2023	2022
CPH	\$ 1,753,737	\$ 947,197
CPTH	197,455	209,781
	<u>\$ 1,951,192</u>	<u>\$ 1,156,978</u>

C. Subsidiaries

Information on the Company's subsidiaries are provided in Note 4(3) of the 2023 consolidated financial statements (not presented herein).

(7) Property, plant and equipment

	<u>Machinery</u>	<u>Test equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2023</u>				
Cost	\$ 6,481	\$ 360,429	\$ 67,989	\$ 434,899
Accumulated depreciation and impairment	( 4,500)	( 280,090)	( 55,694)	( 340,284)
	<u>\$ 1,981</u>	<u>\$ 80,339</u>	<u>\$ 12,295</u>	<u>\$ 94,615</u>
<u>2023</u>				
Balance, January 1	\$ 1,981	\$ 80,339	\$ 12,295	\$ 94,615
Additions	-	40,566	7,898	48,464
Disposals	-	-	( 264)	( 264)
Reclassifications	-	1,350	11,174	12,524
Depreciation charge	( 1,027)	( 40,616)	( 18,047)	( 59,690)
Balance, December 31	<u>\$ 954</u>	<u>\$ 81,639</u>	<u>\$ 13,056</u>	<u>\$ 95,649</u>
<u>December 31, 2023</u>				
Cost	\$ 6,481	\$ 396,371	\$ 84,812	\$ 487,664
Accumulated depreciation and impairment	( 5,527)	( 314,732)	( 71,756)	( 392,015)
	<u>\$ 954</u>	<u>\$ 81,639</u>	<u>\$ 13,056</u>	<u>\$ 95,649</u>
		<u>Test</u>		
	<u>Machinery</u>	<u>equipment</u>	<u>Others</u>	<u>Total</u>
<u>January 1, 2022</u>				
Cost	\$ 7,092	\$ 333,930	\$ 90,506	\$ 431,528
Accumulated depreciation and impairment	( 3,760)	( 260,849)	( 74,355)	( 338,964)
	<u>\$ 3,332</u>	<u>\$ 73,081</u>	<u>\$ 16,151</u>	<u>\$ 92,564</u>
<u>2022</u>				
Balance, January 1	\$ 3,332	\$ 73,081	\$ 16,151	\$ 92,564
Additions	-	36,947	4,850	41,797
Reclassifications	-	7,756	9,126	16,882
Depreciation charge	( 1,351)	( 37,445)	( 17,832)	( 56,628)
Balance, December 31	<u>\$ 1,981</u>	<u>\$ 80,339</u>	<u>\$ 12,295</u>	<u>\$ 94,615</u>
<u>December 31, 2022</u>				
Cost	\$ 6,481	\$ 360,429	\$ 67,989	\$ 434,899
Accumulated depreciation and impairment	( 4,500)	( 280,090)	( 55,694)	( 340,284)
	<u>\$ 1,981</u>	<u>\$ 80,339</u>	<u>\$ 12,295</u>	<u>\$ 94,615</u>

A. None of the Company's property, plant and equipment are pledged as collateral.

B. The reclassifications of property, plant and equipment represent transfers from other non-current assets.

C. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.

(8) Leasing arrangements—lessee

- A. The Company leases various assets including leasing of plants, offices, parking lots and multifunction printers. Rental contracts are typically made for periods of 1 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.
- B. Short-term leases with a lease term of 12 months or less comprise parking lots and business vehicles. Low-value assets comprise multifunction printers and are not shown in right-of-use asset.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Bulidings and structures	\$ 19,629	\$ 29,168
	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Bulidings and structures	\$ 11,927	\$ 11,927

For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$2,388 and \$9,330, respectively.

- D. Except for the depreciation mentioned above, other information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 568	\$ 845
Rent expense on short-term lease contracts	56,795	56,159
Rent expense on leases of low-value assets	1,202	1,126

- F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$70,827 and \$69,413, respectively.

- G. The Company has no right-of-use asset pledged to others.

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank unsecured borrowings	\$ 900,000	1.68%-1.75%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	\$ 800,000	1.6%-1.9%	None

Details of the issued guarantee notes for the above borrowings as of December 31, 2023 are provided in Note 9(1).

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries payable	\$ 625,330	\$ 619,955
Commission payable	569,217	593,624
Employees' compensation and directors' remuneration payable	540,213	542,226
Safety rule expense payable	17,205	21,691
Others	176,013	171,093
	<u>\$ 1,927,978</u>	<u>\$ 1,948,589</u>

(11) Pensions

A. Defined benefit plan

(a) The Company has 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 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 contributes an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company 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 Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 114,983)	(\$ 102,301)
Fair value of plan assets	78,618	71,718
Net defined benefit liability	<u>(\$ 36,365)</u>	<u>(\$ 30,583)</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
Balance at January 1	(\$ 102,301)	\$ 71,718	(\$ 30,583)
Past service cost	( 9,646)	-	( 9,646)
Interest (expense) income	( 1,406)	1,073	( 333)
	( 113,353)	72,791	( 40,562)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	470	470
Change in financial assumptions	( 1,184)	-	( 1,184)
Experience adjustments	( 1,165)	-	( 1,165)
	( 2,349)	470	( 1,879)
Pension fund contribution	-	5,357	5,357
Paid pension	719	-	719
	719	5,357	6,076
Balance at December 31	(\$ 114,983)	\$ 78,618	(\$ 36,365)
2022			
Balance at January 1	(\$ 103,465)	\$ 54,373	(\$ 49,092)
Interest (expense) income	( 646)	381	( 265)
	( 104,111)	54,754	( 49,357)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,201	4,201
Change in financial assumptions	4,746	-	4,746
Experience adjustments	( 3,324)	-	( 3,324)
	1,422	4,201	5,623
Pension fund contribution	-	12,763	12,763
Paid pension	388	-	388
	388	12,763	13,151
Balance at December 31	(\$ 102,301)	\$ 71,718	(\$ 30,583)

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's 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 Labour 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 Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset 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	1.250%	1.375%
Future salary increases	2.750%	2.750%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 2,349)	\$ 2,429	\$ 2,351	(\$ 2,286)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,211)	\$ 2,292	\$ 2,221	(\$ 2,155)

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$12,117.
- (g) As of December 31, 2023, the weighted average duration of that retirement plan is 8.3 years.

The analysis of timing of the future pension payment for the next ten years was as follows:

Within 1 year	\$	2,345
1-2 years		3,638
2-5 years		40,797
5-10 years		27,867
	\$	<u>74,647</u>

#### B. Defined contribution plan

- (a) Effective July 1, 2005, 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 \$44,228 and \$41,166, respectively.

#### (12) Share capital

- A. As of December 31, 2023, the Company’s authorised capital was \$5,000,000, and the paid-in capital was \$3,990,401 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 (net of treasury stocks) are as follows:

(Unit: shares in thousands)	2023	2022
At January 1	395,389	392,148
Employee compensation	3,652	3,241
At December 31	<u>399,041</u>	<u>395,389</u>

- B. On March 1, 2023, the Company issued 3,652 thousand shares as the Board of Directors of the Company resolved to appropriate employees’ stock dividends of \$288,122 which was calculated based on the closing price of NT\$78.9 (in dollars) per share on the date (February 24, 2023) before the date the Board of Directors resolved the appropriation. The appropriation was effective on March 27, 2023 and the registration was completed on April 12, 2023.



C. On March 3, 2022, the Company issued 3,241 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$261,889 which was calculated based on the closing price of NT\$80.8 (in dollars) per share on the date (March 2, 2022) before the date the Board of Directors resolved the appropriation. The appropriation was effective on April 8, 2022 and the registration was completed on April 25, 2022.

(13) Capital surplus

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 Law 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.

	2023			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,569,119	\$ 35,063	\$ 110,048	\$ 2,714,230
Share-based payment transactions				
- Employee compensation	251,605	-	-	251,605
At December 31	<u>\$ 2,820,724</u>	<u>\$ 35,063</u>	<u>\$ 110,048</u>	<u>\$ 2,965,835</u>
	2022			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,339,642	\$ 35,063	\$ 110,048	\$ 2,484,753
Share-based payment transactions				
- Employee compensation	229,477	-	-	229,477
At December 31	<u>\$ 2,569,119</u>	<u>\$ 35,063</u>	<u>\$ 110,048</u>	<u>\$ 2,714,230</u>

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit before tax, if any, shall first be offset against prior years' operating losses (including adjustment of unappropriated earnings); and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital; and then set aside as special reserve in accordance with related regulations issued by the Competent Authority when necessary; and the remainder, if any, along with opening unappropriated earnings (including adjustment of unappropriated earnings) shall be proposed by the Board of Directors under the principle of the Company's 25th Articles of Incorporation and resolved by the shareholders as dividends to shareholders. Effective from

June 6, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy is formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividend should not be less than 10% of the total amount of stockholders' dividends. The above restrictions will not be applicable if total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
- D. Special reserve
- (a) 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.
- (b) The amount of \$205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) The appropriations of 2022 and 2021 earnings had been approved at the annual stockholders' meeting on May 29, 2023 and June 8, 2022, respectively, and the details are summarised below:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 317,529		\$ 278,336	
Reversal of special reserve	( 200,306)		( 47,056)	
Cash dividends	2,354,337	\$ 5.9	2,056,020	\$ 5.2

(b) Subsequent events:

The appropriations of 2023 earnings have been proposed at the Board of Directors' meeting on March 12, 2024. Details are summarised below:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 329,280	
Special reserve appropriated	116,413	
Cash dividends	2,404,615	\$ 6.0

As of March 12, 2024, the appropriations of 2023 earnings have not yet been resolved at the shareholders' meeting, except for cash dividends which were resolved by the Board of Directors and were only required to be reported at the shareholders' meeting.

(15) Other equity items

	2023		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 362,199)	(\$ 622,643)	(\$ 984,842)
Currency translation differences:			
- The Company	( 163,033)	-	( 163,033)
Valuation adjustment:			
- The Company	-	46,554	46,554
- Subsidiaries	-	65	65
At December 31	(\$ 525,232)	(\$ 576,024)	(\$ 1,101,256)
	2022		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 524,716)	(\$ 660,432)	(\$ 1,185,148)
Currency translation differences:			
- The Company	162,517	-	162,517
Valuation adjustment:			
- The Company	-	( 31,067)	( 31,067)
- Subsidiaries	-	( 8,073)	( 8,073)
Transfer out			
- The Company	-	76,929	76,929
At December 31	(\$ 362,199)	(\$ 622,643)	(\$ 984,842)

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Electronic component products	\$ 29,890,673	\$ 33,148,285
Consumer electronic products and other electronic products	3,490,722	5,961,536
Others	1,625,686	701,525
	<u>\$ 35,007,081</u>	<u>\$ 39,811,346</u>

B. Contract assets and contract liabilities

The Company has recognised the following revenue-related contract assets and contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets-			
construction contract	\$ 929,805	\$ 295,282	\$ 81,314
Contract liabilities-			
construction contract	( 217,805)	( 60,132)	( 3,581)
Contract liabilities-			
payment	( 203,545)	( 301,909)	( 230,137)
	<u>\$ 508,455</u>	<u>(\$ 66,759)</u>	<u>(\$ 152,404)</u>

C. Contract liability balance at the beginning of 2023 and 2022 were all recognised in operating revenue during 2023 and 2022, respectively.

(17) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 41,530	\$ 9,696
Other interest income	17,980	11,254
	<u>\$ 59,510</u>	<u>\$ 20,950</u>

(18) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 21,183	\$ 34,852
Other income	84,890	61,465
	<u>\$ 106,073</u>	<u>\$ 96,317</u>

(19) Other gains and losses

	Years ended December 31,	
	2023	2022
Net losses on financial assets and liabilities at fair value through profit or loss - derivative instruments	(\$ 191,896)	(\$ 262,795)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss - others	101,313	( 139,439)
Net currency exchange gains	12,709	214,885
Others	( 9,034)	( 3,320)
	(\$ 86,908)	(\$ 190,669)

(20) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 78,400	\$ 96,430
Lease liabilities	568	845
	\$ 78,968	\$ 97,275

(21) Personnel expenses, depreciation and amortisation

	Year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 56,842	\$ 1,662,764	\$ 1,719,606
Depreciation	30	71,587	71,617
Amortisation	342	37,651	37,993

	Year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ -	\$ 1,711,472	\$ 1,711,472
Depreciation	-	68,555	68,555
Amortisation	-	35,799	35,799

(22) Employee benefit expense

Year ended December 31, 2023			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 50,315	\$ 1,429,659	\$ 1,479,974
Labour and health insurance fees	2,838	85,897	88,735
Pension costs	1,446	52,761	54,207
Directors' remuneration	-	42,370	42,370
Other personnel expenses	2,243	52,077	54,320
	<u>\$ 56,842</u>	<u>\$ 1,662,764</u>	<u>\$ 1,719,606</u>
Year ended December 31, 2022			
	Operating cost	Operating expense	Total
Wages and salaries	\$ -	\$ 1,496,505	\$ 1,496,505
Labour and health insurance fees	-	80,768	80,768
Pension costs	-	41,431	41,431
Directors' remuneration	-	42,528	42,528
Other personnel expenses	-	50,240	50,240
	<u>\$ -</u>	<u>\$ 1,711,472</u>	<u>\$ 1,711,472</u>

- A. In accordance with the Articles of Incorporation of the Company, the pretax income before distribution of employees' compensation and directors' remuneration shall be appropriated based on a ratio of not lower than 10% for employees' compensation and not higher than 1% for directors' remuneration. However, the employees' compensation and directors' remuneration shall be appropriated based on the abovementioned ratios only after covering the accumulated losses (including adjustment of unappropriated earnings), if there is any.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$497,843 and \$499,698, respectively; directors' remuneration was accrued at \$42,370 and \$42,528, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 11.75% and 1% of distributable profit for the year ended December 31, 2023, respectively.
- C. Employees' compensation of \$499,698 and directors' remuneration of \$42,528 for 2022 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. Actual number of shares distributed as employees' compensation for 2022 is 3,652 thousand shares. Refer to Note 6(12) for details.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the Market Observation Post System website of the Taiwan Stock Exchange.
- E. The Company's headcount totaled 804 and 788 employees as of December 31, 2023 and 2022, respectively. There were 5 directors who do not serve as employees as of December 31, 2023 and 2022.
- F. (a) The Company's average employee benefit expense for the years ended December 31, 2023 and 2022 were \$2,099 and \$2,131, respectively.

- (b) The Company's average employee wages and salaries for the years ended December 31, 2023 and 2022 were \$1,852 and \$1,911, respectively.
  - (c) The change in the average employee wages and salaries adjustment decreased by 3.1%.
  - (d) The above calculation of employee benefit expense and employee wages and salaries do not include the directors who do not serve as employees.
  - (e) The Company has set up the audit committee and therefore has no supervisors' remuneration.
  - (f) The information on the Company's compensation policy (including directors, managers and employees) is as follows:
    - i. The directors' emoluments include salaries and remuneration distributed from earnings. The emoluments are determined by the Compensation Committee in accordance with the Articles of Incorporation of the Company based on the extent of their participation in the Company's operations and the value of their contribution.
    - ii. The management's emoluments, such as the general manager and deputy general manager, include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The management's salaries are determined based on the position, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. The employees' bonuses and compensation are determined by reference to the Company's annual operating revenue, profitability, and achievement of individual manager's performance goals.
    - iii. The employees' emoluments include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The employees' salaries are determined based on the positions, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. Employees' compensation will be distributed in the form of stocks or cash according to the resolution of the Board of Directors. The Company conducts a regular employee performance evaluation every year to fully understand employees' performance and uses it as the basis for promotion, salary adjustments, bonuses and employee compensation distribution.
- Directors' and management's emoluments are discussed by the Compensation Committee and reported to the Board of Directors for resolution.

(23) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 368,699	\$ 535,969
Tax on undistributed surplus earnings	35,187	25,387
Prior year income tax overestimation	( 18,891)	( 19,247)
Total current tax	<u>384,995</u>	<u>542,109</u>
Deferred tax:		
Origination and reversal of temporary differences	17,076	( 78,181)
Income tax expense	<u>\$ 402,071</u>	<u>\$ 463,928</u>

B. Reconciliation between income tax expense and profit before tax:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 739,350	\$ 742,105
Effects from items allowed by tax regulation	116,663	27,079
Temporary differences not recognised as deferred tax liabilities	( 390,238)	( 231,396)
Effect from investment tax credits	( 80,000)	( 80,000)
Tax on undistributed surplus earnings	35,187	25,387
Prior year income tax overestimation	( 18,891)	( 19,247)
Income tax expense	<u>\$ 402,071</u>	<u>\$ 463,928</u>



C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2023			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 48,348	\$ 1,560	\$ 49,908
Unrealised exchange loss	14,266	( 14,266)	-
Unrealised loss on valuation of financial assets	11,423	14,978	26,401
Unrealised commission expense	116,735	( 5,510)	111,225
Others	10,472	-	10,472
	<u>201,244</u>	<u>( 3,238)</u>	<u>198,006</u>
— Deferred tax liabilities:			
Unrealised exchange gain	-	( 14,762)	( 14,762)
Others	( 81,766)	924	( 80,842)
	<u>( 81,766)</u>	<u>( 13,838)</u>	<u>( 95,604)</u>
	<u>\$ 119,478</u>	<u>(\$ 17,076)</u>	<u>\$ 102,402</u>
2022			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 29,447	\$ 18,901	\$ 48,348
Unrealised exchange loss	-	14,266	14,266
Unrealised loss on valuation of financial assets	-	11,423	11,423
Unrealised commission expense	107,533	9,202	116,735
Others	10,472	-	10,472
	<u>147,452</u>	<u>53,792</u>	<u>201,244</u>
— Deferred tax liabilities:			
Unrealised gain on valuation of financial assets	( 14,179)	14,179	-
Unrealised exchange gain	( 12,710)	12,710	-
Others	( 79,266)	( 2,500)	( 81,766)
	<u>( 106,155)</u>	<u>24,389</u>	<u>( 81,766)</u>
	<u>\$ 41,297</u>	<u>\$ 78,181</u>	<u>\$ 119,478</u>

D. The Tax Authority has examined the income tax returns of the Company through 2021.

E. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognised as deferred tax liabilities were \$1,823,413 and \$1,433,175, respectively.

(24) Earnings per share (EPS)

Year ended December 31, 2023			
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,294,677	398,450	\$ <u>8.27</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	4,012	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>3,294,677</u>	<u>402,462</u>	\$ <u>8.19</u>
Year ended December 31, 2022			
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,246,597	394,847	\$ <u>8.22</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	7,387	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>3,246,597</u>	<u>402,234</u>	\$ <u>8.07</u>

(25) Changes in liabilities from financing activities

	2023			
	Short-term borrowings	Lease liability	Other payables - related parties	Total
At January 1	\$ 800,000	\$ 29,972	\$ 17,209	\$ 847,181
Changes in cash flow from financing activities	100,000	( 12,262)	( 17,209)	70,529
Changes in other non-cash items	-	2,388	-	2,388
At December 31	<u>\$ 900,000</u>	<u>\$ 20,098</u>	<u>\$ -</u>	<u>\$ 920,098</u>
	2022			
	Short-term borrowings	Lease liability	Other payables - related parties	Total
At January 1	\$ 1,441,867	\$ 31,925	\$ 1,292,423	\$ 2,766,215
Changes in cash flow from financing activities	( 641,867)	( 11,283)	( 1,275,214)	( 1,928,364)
Changes in other non-cash items	-	9,330	-	9,330
At December 31	<u>\$ 800,000</u>	<u>\$ 29,972</u>	<u>\$ 17,209</u>	<u>\$ 847,181</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chicony Electronics Co., Ltd.	Parent company
Hipro Electronics Ltd.	Entity controlled by the same parent company
Quansun Investment Corp. Ltd.	Entity controlled by the same parent company
Qun-Jing Power Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Thailand) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics CEZ s.r.o	Entity controlled by the same parent company
Chicony Electronics Japan Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company
Mao-Ray (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
XAVi Technologies Co., Ltd.	Entity controlled by the same parent company
Chicony Power International Inc.	Subsidiary
Chicony Power Technology Hong Kong Limited	Subsidiary
Chicony Power Technology (Dong Guan) Co., Ltd.	Subsidiary
Chicony Power Technology (Suzhou) Co., Ltd.	Subsidiary
Chicony Power Technology (Chong Qing) Co., Ltd.	Subsidiary
Chicony Power Technology (Thailand) Co., Ltd.	Subsidiary
Clevo Co.	Other related party
Kapok Computer (KUNSHAN) Co.	Other related party
Honhui Group(Xinbei, Siyuan)	Other related party
Taipei Twin Towers Limited	Other related party

Note: For the rest of the names of and relationship with related parties, refer to Note 4(3) of consolidated financial statements.

### (3) Significant related party transactions

#### A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
- Parent company	\$ 1,454	\$ 1,968
- Entities controlled by the same parent company	2,814,942	3,342,481
- Subsidiaries	816,803	1,147,671
- Other related parties	375,613	335,110
	<u>\$ 4,008,812</u>	<u>\$ 4,827,230</u>

The terms of the sales to related parties were not significantly different from those of sales to third parties.

## B. Purchases of goods

	Years ended December 31,	
	2023	2022
Purchases of goods:		
- Chicony Power Technology (Dong Guan) Co., Ltd.	\$ 6,324,136	\$ 8,957,727
- Chicony Power Technology (Suzhou) Co., Ltd.	13,790,177	16,055,276
- Chicony Power Technology (Chong Qing) Co., Ltd.	7,108,604	7,040,922
- Subsidiaries	1,977,267	1,692,026
	<u>\$ 29,200,184</u>	<u>\$ 33,745,951</u>

The terms of the purchases from related parties were not significantly different from those of purchases from third parties.

## C. Purchases of services

	Years ended December 31,	
	2023	2022
- Parent company	\$ 51,709	\$ 52,212
- Entities controlled by the same parent company	-	252
- Subsidiaries	133,841	140,007
- Other related parties	2,340	2,364
	<u>\$ 187,890</u>	<u>\$ 194,835</u>

The purchases from related parties arise mainly from providing management services to the Company.

#### D. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
- Parent company	\$ 149	\$ 341
- Entities controlled by the same parent company	1,062,187	912,598
- Subsidiaries	328,600	629,201
- Other related parties	<u>81,737</u>	<u>94,939</u>
	<u>1,472,673</u>	<u>1,637,079</u>
Other receivables, loans to related parties:		
- Chicony Power USA, Inc.	236,429	132,139
- Chicony Power Technology (Thailand) Co., Ltd.	1,719,480	921,900
- Subsidiaries	84,460	95,876
Other receivables, others:		
- Entities controlled by the same parent company	160	262
- Subsidiaries	<u>8,226</u>	<u>4,337</u>
	<u>2,048,755</u>	<u>1,154,514</u>
	<u>\$ 3,521,428</u>	<u>\$ 2,791,593</u>

- (a) The accounts receivable arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.
- (b) Other receivables arise from payments on behalf of others, loans to related parties and interest receivables from loans to related parties.

## E. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
- Chicony Power Technology (Dong Guan) Co., Ltd.	\$ 1,127,157	\$ 992,588
- Chicony Power Technology (Suzhou) Co., Ltd.	4,727,124	3,088,369
- Chicony Power Technology (Chong Qing) Co., Ltd.	3,765,171	3,018,673
- Subsidiaries	<u>353,584</u>	<u>431,850</u>
	<u>9,973,036</u>	<u>7,531,480</u>
Other payables, loans from related parties:		
- Chicony Power International Inc.	-	17,209
Other payables, others:		
- Parent company	8,074	8,549
- Entities controlled by the same parent company	141	129
- Subsidiaries	8,658	10,638
- Other related parties	<u>2,457</u>	<u>2,481</u>
	<u>19,330</u>	<u>39,006</u>
	<u>\$ 9,992,366</u>	<u>\$ 7,570,486</u>

- (a) The accounts payable arise mainly from purchase transactions. The payables are unsecured in nature and bear no interest.
- (b) Other payables arise mainly from collections, short-term lease payments payable and payments on behalf of others.
- (c) The loans from the subsidiary are repayable over 1 year and carry interest at 0% per annum.

## F. Lease transactions — lessee

- (a) As of December 31, 2023, the main lease contracts between the Company and related parties are as follows:

<u>Lessor</u>	<u>Lease subject</u>	<u>Rental calculation and payment</u>	<u>Lease term</u>
-Parent company	Buildings and structures	\$4,561 per month	Within one year
"	"	\$498 per month	2018.1.1~2024.1.1

- (b) Rental expense arising from leases in office and plants from related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental expense:		
-Parent company	<u>\$ 54,644</u>	<u>\$ 54,732</u>

(c) Lease liabilities

i . Outstanding balance:

	December 31, 2023	December 31, 2022
-Parent company	\$ 2,388	\$ 5,900

ii . Interest expense:

	Years ended December 31,	
	2023	2022
-Parent company	\$ 73	\$ 203

G. Interest income from loans to related parties

	Years ended December 31,	
	2023	2022
Chicony Power Technology (Thailand) Co., Ltd.	\$ 15,449	\$ 5,762
Chicony Power Technology Hong Kong Limited	-	3,103
Other subsidiaries	2,531	2,389
	\$ 17,980	\$ 11,254

The loans to associates are repayable monthly over 1 year and carry interest at 1%-1.6% per annum for the years ended December 31, 2023 and 2022.

(4) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 114,172	\$ 123,945
Post-employment benefits	1,219	1,226
Share-based payments	53,407	54,765
	\$ 168,798	\$ 179,936

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Guarantee deposits paid (shown as 'other non-current assets')	\$ 113,923	\$ 92,214	Performance guarantee and bid bond
"	1,262	1,200	Guarantee for rentals
"	8	8	Others
	\$ 115,193	\$ 93,422	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(a) As of December 31, 2023, for financing forward exchange contracts, bank borrowings, and bill purchase purposes, the Company provided standby promissory notes totaling \$14,809,488 as security.



(b) As of December 31, 2023, letters of guarantee for warranty and guarantee letter of credit provided by the banks to the Company amounted to \$1,077,794.

(c) As of December 31, 2023, the Company provided guarantee notes totaling \$63,379 as security for performance guarantee.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(a) The appropriations of 2023 earnings had been proposed at the Board of Directors' meeting on March 12, 2024, and the details are provided in Note 6(14).

(b) The Company's Board of Directors resolved to increase its capital in the Company's subsidiary, Chicony Power Technology (Thailand) Co., Ltd., and the expected increased investment amount was BAHT 100,000 thousand.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt.

## (2) Financial instruments

### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 976,017	\$ 868,631
Financial assets at fair value through other comprehensive income	203,825	157,271
Financial assets at amortised cost		
Cash and cash equivalents	1,638,410	453,577
Notes receivable	3,293	1,663
Accounts receivable (including related parties)	9,436,395	10,554,507
Other receivables (including related parties)	2,049,934	1,157,128
Guarantee deposits paid	115,193	93,422
	<u>\$ 14,423,067</u>	<u>\$ 13,286,199</u>
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 200,540	\$ 135,794
Financial liabilities at amortised cost		
Short-term borrowings	900,000	800,000
Notes payable	7,071	6,809
Accounts payable (including related parties)	10,139,128	7,794,076
Other payables (including related parties)	1,947,308	1,987,595
Lease liabilities	20,098	29,972
	<u>\$ 13,214,145</u>	<u>\$ 10,754,246</u>

### B. Financial risk management policies

- (a) 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. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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.
- (c) Information about derivative financial instruments that are used to hedge certain exchange

rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- 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			
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	407,551	30.705	\$ 12,513,853
<u>Non-monetary items</u>				
USD:NTD		313,472	30.705	9,625,158
THB:NTD		907,535	0.8977	814,694
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	346,061	30.705	\$ 10,625,803

	December 31, 2022			
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	382,008	30.730	\$ 11,739,106
<u>Non-monetary items</u>				
USD:NTD		267,250	30.730	8,212,602
THB:NTD		687,013	0.8903	611,648
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	270,894	30.730	\$ 8,324,573

- iv. Total exchange gain, including realised and unrealised 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 \$12,709 and \$214,885, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 125,139	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	96,252
THB:NTD	1%	-	8,147
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 106,258	\$ -

	Year ended December 31, 2022			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 117,391	\$	-
<u>Non-monetary items</u>				
USD:NTD	1%	-		82,126
THB:NTD	1%	-		6,116
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 83,246	\$	-

#### 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, financial assets at fair value through other comprehensive income and available-for-sale financial assets. 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 shares and open-end funds issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,075 and \$7,900, 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 \$2,038 and \$1,573, 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

The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rates were denominated in NTD and USD.

As of December 31, 2023 and 2022, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have been \$2,500 and \$2,000 lower/higher, respectively.

(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 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 fair value through profit or loss.
- ii. According to the Company's credit policy, each local entity in the Company 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.
- iii. The Company manages credit risk of cash in banks and other financial instruments based on the Company's credit policy. Banks with good credit and financial institutions with investment-grade credit ratings are accepted as counterparties.
- iv. The Company adopts the assumptions under IFRS 9, that is, 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. According to the internal management policy, the default occurs when the contract payments are past due over 360 days.
- v. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.

vi. The Company used the forecastability of industry prospect and macroeconomic environment to adjust historical and timely information to assess the default possibility of accounts receivable including related parties. As of December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2023</u>			
Not past due	0%~0.02%	\$ 9,359,638	\$ 1,846
1-30 days past due	1%~5%	33,288	1,660
31-120 days past due	5%~20%	55,804	11,160
121-210 days past due	20%~100%	3,330	999
Over 210 days	100%	89,473	89,473
		<u>\$ 9,541,533</u>	<u>\$ 105,138</u>
	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2022</u>			
Not past due	0%~0.04%	\$ 10,448,776	\$ 3,962
1-30 days past due	1%~5%	79,504	3,975
31-120 days past due	5%~20%	42,705	8,541
121-210 days past due	20%~100%	-	-
Over 210 days	100%	44,260	44,260
		<u>\$ 10,615,245</u>	<u>\$ 60,738</u>

vi. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 60,738	\$ 59,798
Provision for impairment loss	44,400	940
At December 31	<u>\$ 105,138</u>	<u>\$ 60,738</u>

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.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Company held money market position of \$2,246,057 and \$890,706, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	\$ <u>11,676,991</u>	\$ <u>10,815,243</u>

- iv. 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.

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>		
Short-term borrowings	\$ 901,466	\$ -
Notes payable	7,071	-
Accounts payable (including related parties)	10,139,129	-
Other payables (including related parties)	1,947,308	-
Lease liabilities	7,692	13,098
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	200,540	-



December 31, 2022	Less than 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>		
Short-term borrowings	\$ 802,316	\$ -
Notes payable	6,809	-
Accounts payable (including related parties)	7,794,077	-
Other payables (including related parties)	1,987,595	-
Lease liabilities	12,830	18,286
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	135,794	-

(3) Fair value of financial instruments

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 listed (including emerging) stocks and beneficiary certificates 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 Company's investment in private placement of listed shares and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 354,648	\$ -	\$ -	\$ 354,648
Beneficiary certificates	68,879	-	-	68,879
Non-hedging derivatives				
Forward exchange contracts	-	28,207	-	28,207
Exchange rate swap contracts	-	40,324	-	40,324
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	260,888	260,888
Beneficiary certificates	10,920	-	212,151	223,071
Financial assets at fair value through other comprehensive income - current				
Equity securities	184,697	-	-	184,697
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	-	19,128	19,128
	<u>\$ 619,144</u>	<u>\$ 68,531</u>	<u>\$ 492,167</u>	<u>\$ 1,179,842</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities mandatorily measured at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 195,799	\$ -	\$ 195,799
Exchange rate swap contracts	-	4,741	-	4,741
	<u>\$ -</u>	<u>\$ 200,540</u>	<u>\$ -</u>	<u>\$ 200,540</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 243,151	\$ -	\$ -	\$ 243,151
Beneficiary certificates	56,283	-	-	56,283
Non-hedging derivatives				
Forward exchange contracts	-	57,423	-	57,423
Exchange rate swap contracts	-	21,253	-	21,253
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	225,592	225,592
Beneficiary certificates	15,420	-	249,509	264,929
Financial assets at fair value through other comprehensive income - current				
Equity securities	138,863	-	-	138,863
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	-	18,408	18,408
	<u>\$ 453,717</u>	<u>\$ 78,676</u>	<u>\$ 493,509</u>	<u>\$ 1,025,902</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities mandatorily measured at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 117,441	\$ -	\$ 117,441
Exchange rate swap contracts	-	18,353	-	18,353
	<u>\$ -</u>	<u>\$ 135,794</u>	<u>\$ -</u>	<u>\$ 135,794</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging Stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Average trade price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3:

	2023		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 249,509	\$ 244,000	\$ 493,509
Capital reduction during the year	-	( 11,950)	( 11,950)
Gains and losses recognised in profit or loss	( 37,358)	47,246	9,888
Gains and losses recognised in other comprehensive income	-	720	720
At December 31	<u>\$ 212,151</u>	<u>\$ 280,016</u>	<u>\$ 492,167</u>

Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2023 (Note)

	<u>(\$ 37,358)</u>	<u>\$ 47,246</u>	<u>\$ 9,888</u>
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	2022		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 227,453	\$ 275,302	\$ 502,755
Acquired during the year	41,264	-	41,264
Capital reduction during the year	-	( 14,063)	( 14,063)
Gains and losses recognised in profit or loss	( 19,208)	( 14,785)	( 33,993)
Gains and losses recognised in other comprehensive income	-	( 2,454)	( 2,454)
At December 31	<u>\$ 249,509</u>	<u>\$ 244,000</u>	<u>\$ 493,509</u>

Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2022 (Note)

	<u>(\$ 19,208)</u>	<u>(\$ 14,785)</u>	<u>(\$ 33,993)</u>
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Note: Recorded as non-operating income and expense.

F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

G. 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 of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 280,016	Net asset value	N/A	-	N/A
Venture capital shares	212,151	Net asset value	N/A	-	N/A
Private equity fund investment					
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 244,000	Net asset value	N/A	-	N/A
Venture capital shares	249,509	Net asset value	N/A	-	N/A
Private equity fund investment					

H. 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 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			
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instruments	Net asset value	±1%	\$ 2,609	(\$ 2,609)	\$ 191	(\$ 191)	
Beneficiary certificates	Net asset value	±1%	2,122	( 2,122)	-	-	
			<u>\$ 4,731</u>	<u>(\$ 4,731)</u>	<u>\$ 191</u>	<u>(\$ 191)</u>	

		December 31, 2022					
				Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instruments	Net asset value	±1%	\$ 2,256	(\$ 2,256)	\$ 184	(\$ 184)	
Beneficiary certificates	Net asset value	±1%	2,495	( 2,495)	-	-	
			<u>\$ 4,751</u>	<u>(\$ 4,751)</u>	<u>\$ 184</u>	<u>(\$ 184)</u>	

(4) The Company originally recorded construction in progress arising from contracts with customers under inventories in 2022. However, in accordance with IFRS 15, these assets should be classified as contract assets, and therefore the related accounts in 2022 have been reclassified. The reclassification had no effect on basic earnings per share and diluted earnings per share.

		December 31, 2023		
		<u>Before reclassifications</u>	<u>Reclassifications amount</u>	<u>After reclassifications</u>
Contract assets	\$	-	\$ 295,282	\$ 295,282
Inventories		2,724,673	(295,282)	2,429,391

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- 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 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Refer to table 3.
- 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: Refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

Not applicable.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Loans to others  
Year Ended December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023 (Note 2)	Balance at December 31, 2023 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
													Item	Value			
0	The Company	CPH	Other receivables - related parties	YES	\$ 3,307,860	\$ 2,026,530	\$ 1,719,480	1	2	\$ -	working capital	\$ -	None	None	\$ 5,522,038	\$ 5,522,038	-
0	The Company	CPH	Other receivables - related parties	YES	245,920	184,230	-	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	CPUS	Other receivables - related parties	YES	468,600	460,575	236,429	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	WTS	Other receivables - related parties	YES	93,720	92,115	37,460	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
0	The Company	CT	Other receivables - related parties	YES	110,000	100,000	47,000	1	2	-	working capital	-	None	None	5,522,038	5,522,038	-
1	CPDG	TORCH	Other receivables - related parties	YES	361,379	351,866	345,807	1.6	2	-	working capital	-	None	None	1,549,957	1,549,957	-
2	CPI	The Company	Other receivables - related parties	YES	1,545,453	-	-	0	2	-	working capital	-	None	None	9,625,116	9,625,116	-
2	CPI	CPH	Other receivables - related parties	YES	1,465,836	1,387,866	1,359,924	0	2	-	working capital	-	None	None	9,625,116	9,625,116	-
2	CPI	CT	Other receivables - related parties	YES	15,542	-	-	0	2	-	working capital	-	None	None	3,850,046	3,850,046	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: (1) Total financing amount should not exceed the Company's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the Company's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(2) Total financing amount should not exceed the subsidiary's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(3) Total financing amount between foreign companies whose voting rights are 100% directly or indirectly held by the Company or total financing amount granted by the Company to foreign companies whose voting rights are 100% directly or indirectly held by the Company should not exceed the creditor's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The financing period should not exceed three years. The restrictions on loans to any individual party are as follows:

a. the total financing amount to any individual party should not exceed the creditor's stockholders' equity, or the higher of sales/purchases during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed the creditor's stockholders' equity for the purpose of short-term financing.

(4) Except for (3), the financing period should not exceed one year.



CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

					As of December 31, 2023				
Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Common stock	Newmax Technology Co., Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current (Common stock)	2,660,983	\$ 99,388	1.44	\$ 99,388	-
The Company	Common stock	Powertech Technology Inc.	The Company's independent director is the chairman of the securities issuer	Financial assets at fair value through profit or loss - current (Common stock)	60,000	8,460	0.01	8,460	-
The Company	Common stock	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	177,900	-	177,900	-
The Company	Common stock	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current (Common stock)	500,000	26,300	-	26,300	-
The Company	Common stock	Nuvoton Technology Corp.	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	42,600	0.07	42,600	-
The Company	Beneficiary certificates	Yuanta/P-shares Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - current (Fund)	450,000	60,953	0.02	60,953	-
The Company	Beneficiary certificates	Cathay TIP TAIEX+ Low Volatility Select 30 ETF	-	Financial assets at fair value through profit or loss - current (Fund)	300,000	7,926	0.12	7,926	-
The Company	Common stock	WK Venature Capital Management CO. Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	780,000	21,131	1.00	21,131	-
The Company	Common stock	Top Taiwan Venture Capital Management Co., Ltd.	The Company is this company's supervisor	Financial assets at fair value through profit or loss - non-current (Common stock)	5,118,750	112,649	9.38	112,649	-
The Company	Common stock	Chen Ding Venture Capital Management Co., Ltd.	The Company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	10,000,000	127,108	7.41	127,108	-
The Company	Beneficiary certificates	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,000,000	10,920	-	10,920	-
The Company	Beneficiary certificates	Fuh Hwa New Smart Energy Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	21,000,000	117,600	-	117,600	-
The Company	Beneficiary certificates	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,295,868	63,651	-	63,651	-
The Company	Beneficiary certificates	Fuh Hwa Capital Tech Ventures L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	-	30,900	-	30,900	-
The Company	Common stock	CLEVO CO.	The director of the Company's parent company is the director of the securities issuer	Financial assets at fair value through other comprehensive income - current (Common stock)	4,538,000	184,697	0.72	184,697	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,979,291	-	-	-	-
The Company	Common stock	TAIPEI TECH Venture Capital Co.,Ltd.	The Company is this company's corporate director	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,500,000	19,128	5.00	19,128	-
CPI	Beneficiary certificates	Celesta Capital II, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,140,058	120,683	-	120,683	-
CPI	Beneficiary certificates	Celesta Capital IV, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,900,000	127,174	-	127,174	-
CPI	Common stock	Anxin-China Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - current (Common stock)	8,300,000	-	0.27	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
Year Ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
CPTH	Unfinished construction	February 10, 2022	\$1,218,639 (THB 1,361,000 thousand)	\$ 960,472	China State Construction Engineering (Thailand) Co., Ltd.	None	-	-	-	\$ -	Contract price	The factory for business	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: 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 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

							Differences in transaction terms compared to third party				
			Transaction				transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote
Sales											
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	Sales	(\$ 371,020)	1	60 days	Note 1	Note 1	\$ 81,621	1	-
The Company	Chicony Electronics CEZ s.r.o.	Entity controlled by the same parent company	Sales	( 212,337)	1	120 days	Note 1	Note 1	12,832	0	-
The Company	Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	( 212,781)	1	60-90 days	Note 1	Note 1	31,077	0	-
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	( 1,424,962)	4	90 days	Note 1	Note 1	621,854	7	-
The Company	Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company	Sales	( 616,468)	2	90 days	Note 1	Note 1	239,053	3	-
The Company	Mao-Ray Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	( 348,290)	1	90 days	Note 1	Note 1	157,371	2	-
The Company	CPUS	Subsidiary	Sales	( 738,598)	2	90 days	Note 1	Note 1	320,485	3	-
CPTH	The Company	The parent company of CPTH	Sales	( 1,977,267)	100	45 days	Note 1	Note 1	353,584	100	-
CPDG	The Company	The parent company of CPH	Sales	( 6,324,136)	93	45 days	Note 1	Note 1	1,127,157	84	-
CPDG	CPTH	Subsidiary	Sales	( 179,506)	3	60 days	Note 1	Note 1	76,065	6	-
CPDG	TORCH	Subsidiary	Sales	( 163,529)	2	150 days	Note 1	Note 1	89,622	7	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	( 257,841)	2	90 days	Note 1	Note 1	71,863	1	-
CPSZ	The Company	The parent company of CPH	Sales	( 13,790,177)	95	45 days	Note 1	Note 1	4,727,124	94	-
CPSZ	CPTH	Subsidiary	Sales	( 163,422)	1	60 days	Note 1	Note 1	168,083	3	-
CPSZ	CPCQ	Subsidiary	Sales	( 136,568)	1	60 days	Note 1	Note 1	35,593	1	-
CPCQ	The Company	The parent company of CPH	Sales	( 7,108,604)	97	45 days	Note 1	Note 1	3,765,171	98	-
CPCQ	CPSZ	Subsidiary	Sales	( 145,885)	2	60 days	Note 1	Note 1	52,018	1	-
GSE	CPDG	Subsidiary	Sales	( 248,688)	36	60 days	Note 1	Note 1	72,979	31	-
GSE	CPSZ	Subsidiary	Sales	( 168,271)	24	60 days	Note 1	Note 1	65,182	28	-
Purchases											
The Company	CPTH	Subsidiary	Purchases	\$ 1,977,267	7	45 days	Note 2	Note 2	(\$ 353,584)	3	-
The Company	CPDG	Subsidiary	Purchases	6,324,136	22	45 days	Note 2	Note 2	( 1,127,157)	11	-
The Company	CPSZ	Subsidiary	Purchases	13,790,177	46	45 days	Note 2	Note 2	( 4,727,124)	47	-
The Company	CPCQ	Subsidiary	Purchases	7,108,604	24	45 days	Note 2	Note 2	( 3,765,171)	37	-
CPUS	The Company	The parent company of CPH	Purchases	738,598	100	90 days	Note 2	Note 2	( 320,485)	100	-
CPTH	CPSZ	Subsidiary	Purchases	163,422	15	60 days	Note 2	Note 2	( 168,083)	22	-
CPTH	CPDG	Subsidiary	Purchases	179,506	14	60 days	Note 2	Note 2	( 76,065)	7	-
CPDG	GSE	Subsidiary	Purchases	248,688	5	60 days	Note 2	Note 2	( 72,979)	3	-
CPSZ	GSE	Subsidiary	Purchases	168,271	1	60 days	Note 2	Note 2	( 65,182)	1	-
CPSZ	CPCQ	Subsidiary	Purchases	145,885	1	60 days	Note 2	Note 2	( 52,018)	1	-
CPCQ	CPSZ	Subsidiary	Purchases	136,568	3	60 days	Note 2	Note 2	( 35,593)	2	-
TORCH	CPDG	Subsidiary	Purchases	163,529	26	150 days	Note 2	Note 2	( 89,622)	36	-

Note 1 : The terms of the sales to related parties were not significantly different from those of sales to third parties and offering reasonable sales discounts.

Note 2 : The terms of the purchases to related parties were not significantly different from those of purchases to third parties.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Financial funds receivable								
The Company	CPTH	Subsidiary	\$ 1,726,213	-	\$ -	-	\$ -	-
The Company	CPUS	Second-tier subsidiary	237,638	-	-	-	-	-
CPI	CPHK	Second-tier subsidiary	1,359,924	-	-	-	-	-
CPDG	TORCH	Subsidiary	355,323	-	-	-	-	-
Accounts receivable								
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	\$ 621,854	2.48	\$ -	-	\$ -	-
The Company	Chicony Electronics (Chong Qing) Co., Ltd.	Entity controlled by the same parent company	239,053	2.91	-	-	-	-
The Company	Mao-Ray Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	157,371	2.66	-	-	-	-
The Company CPTH	CPUS	Subsidiary	320,485	1.56	-	-	-	-
	The Company	The parent company of CPH	353,584	5.04	-	-	-	-
CPDG	The Company	The parent company of CPH	1,127,157	5.97	-	-	-	-
CPSZ	The Company	The parent company of CPH	4,727,124	3.53	-	-	-	-
CPSZ	CPTH	Subsidiary	168,083	1.49	-	-	-	-
CPCQ	The Company	The parent company of CPH	3,765,171	2.10	-	-	-	-

## CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

December 31, 2023

Table 6

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	
0	The Company	CPUS	1	Sales	\$ 738,598	Note 4	2
0	The Company	CPUS	1	Accounts receivable - related party	320,485	Note 4	1
0	The Company	CPTH	1	Other receivables - related party	1,726,213	Note 5	6
1	CPTH	The Company	2	Sales	1,977,267	Note 4	5
1	CPTH	The Company	2	Accounts receivable - related party	353,584	Note 4	1
2	CPI	CPHK	3	Other receivables - related party	1,359,924	Note 5	5
3	CPDG	The Company	2	Sales	6,324,136	Note 4	17
3	CPDG	The Company	2	Accounts receivable - related party	1,127,157	Note 4	4
3	CPDG	TORCH	3	Other receivables - related party	355,323	Note 5	1
4	CPSZ	The Company	2	Sales	13,790,177	Note 4	38
4	CPSZ	The Company	2	Accounts receivable - related party	4,727,124	Note 4	16
5	CPCQ	The Company	2	Sales	7,108,604	Note 4	20
5	CPCQ	The Company	2	Accounts receivable - related party	3,765,171	Note 4	13

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

Note 1 : The number 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 belong to (If transactions between parent company and subsidiaries or between refer to the same transactions, 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 subsidiaries, if one of the subsidiaries has disclosed the transactions, 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 period to consolidated total operating revenues for income statement accounts.

Note 4 : Depends on the transaction quantity and the market situation.

Note 5 : The terms of related parties loans depend on both parties' operation situation.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES  
Information on investees  
December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the 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	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	\$ 326,350 (USD 10,000 thousand)	\$ 326,350 (USD 10,000 thousand)	10,000,000	100	\$ 9,221,802	\$ 1,581,072	\$ 1,753,737	Subsidiary
The Company	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Thailand	Manufacturing and sales of switching power supplies and other electronics parts	495,060 (THB 550,000 thousand)	495,060 (THB 550,000 thousand)	99,000,000	100	814,694	197,455	197,455	Subsidiary
CPH	Chicony Power International Inc. (CPI)	Cayman Islands	Investment holdings	307,050 (USD 10,000 thousand)	307,050 (USD 10,000 thousand)	10,000,000	100	9,625,116	1,581,071	-	Subsidiary
CPI	Chicony Power USA, Inc. (CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	40,438 (USD 1,317 thousand)	40,438 (USD 1,317 thousand)	1,500,000	100	51,432	11,759	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited (CPHK)	Hong Kong	Research and development center and investment holdings	337,215 (HKD 85,800 thousand)	337,215 (HKD 85,800 thousand)	46,800,000	100	8,127,405	1,618,697	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design and R&D of LED lighting modules and investment holdings	316,722 (USD 10,315 thousand)	316,722 (USD 10,315 thousand)	12,800,000	100 (	202,492) (	88,498)	-	Subsidiary
WTS	Carlight Technology Co., Ltd. (CT)	Taiwan	Design, R&D and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100 (	46,219)	7,731	-	Subsidiary

Note: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2023, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the annual reporting period.

## CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## Information on investments in Mainland China

December 31, 2023

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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 (Note 2, 3)	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							
Chicony Power Technology (Dong Guan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	\$ 593,135	2.(1)	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ 191,587	100	\$ 191,587	\$ 1,549,957	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	1,297,467	2.(1)	45,197	-	-	45,197	947,128	100	947,128	4,753,196	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics components and transformers	131,175	2.(1)	33,573	-	-	33,573	735	100	2,008	248,016	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics components	301,744	2.(1)	-	-	-	-	467,880	100	467,880	2,821,467	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Smart building solutions	44,379	2.(1)	-	-	-	-	( 9,998)	100	( 9,998)	31,681	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, and other electronics and smart building system industry.	10,491	2.(1)	-	-	-	-	( 1,857)	100	( 1,857)	( 2,161)	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting modules	331,859	2.(2)	-	-	-	-	( 95,764)	100	( 95,764)	( 119,010)	-	-
Zhuzhou Torch Auto Lamp CO., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2.(2)	-	-	-	-	( 95,675)	100	( 95,675)	( 123,742)	-	-

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
Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	
The Company	\$ 2,257,522
	\$ 8,283,057

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

1. Directly invest in a company in Mainland China.
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The third areas are as follows:
  - (1) Chicony Power Technology Hong Kong Limited.
  - (2) Witslight Technology Co., Ltd.
  3. Others.

Note 2: The gain or loss from investment which recognised in the current period including the recognition and derecognition of realised and unrealised profit or income of upstream and sidestream sales.

Note 3: Based on the financial statements audited by the parent companies' CPA.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 9

Name of major shareholders	Shares		Ownership (%)
	Number of shares held (Common stock)	Number of shares held (Preferred stock)	
Chicony Electronics Co., Ltd.	206,706,594	-	51.80%
Lee, Tse-Ching	24,362,547	-	6.10%

Note 1: (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(b) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".



# **Chicony Power Technology Co., Ltd.**

**Chairman : Lu, Chin-Chung**

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