



# Acme Electronics Corporation

## Annual Report for the Year Ended December 31, 2023

Company Website: <https://www.acme-ferrite.com.tw>

Query Website: <https://mops.twse.com.tw>

Date of publication: March 31, 2024

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V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.

VI. Company Website: <https://www.acme-ferrite.com.tw>



# Acme Electronics Corporation

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## Chapter 1 Letter to Shareholders

Dear shareholders,

In 2023, global demand for consumer electronics such as smartphones and laptops remained sluggish due to factors such as the Russia-Ukraine war, the Israel-Palestine conflict, and inflation. The supply chain inventory of the cloud server industry continued to stabilize, with annual shipments being revised downward. Additionally, the automotive electronics industry failed to grow as expected due to inflation and the impact of strikes in the United States, contributing to the overall sluggish demand in the ferrite core market. Under the influence of poor market conditions, intense price competition exacerbated the operational pressures and losses in the ferrite core business. Despite the continued development of electric vehicles, the Company's revenue and profitability from silicon carbide (SiC) products increased. However, the consolidated net loss after tax for the year was NT\$211,917 thousand, and the consolidated net loss attributable to the parent company owner was NT\$171,224 thousand, with a loss per share of NT\$0.81. We hereby report our operations for the year 2023 as follows:

### I. Business Report for the Year 2023:

- (I) In terms of business operations and business plan implementation, the overall performance was poor due to the sluggish demand in the ferrite core market. Regarding SiC products, the demand for SiC power devices is still in a growth stage. In recent years, the Company has continuously expanded its production and sales scale, resulting in sustained revenue growth.

The consolidated revenue of the Company and its subsidiaries in 2023 was NT\$2,551,746 thousand, and the budget achievement rate was 69%, achieving a decrease of 17% compared to NT\$3,057,217 thousand in 2022; the consolidated gross profit was NT\$237,499 thousand, down 54% from NT\$519,969 thousand in 2022; the consolidated operating expenses was NT\$485,695 thousand, an increase of 3% from NT\$472,546 thousand in 2022; the consolidated operating profit was NT\$248,196 thousand, a

decrease of 623% from NT\$47,423 thousand in 2022.

The sales volume and amount of ferrite core were 7,074 metric tons and NT\$2,213,169 thousand, respectively. The sales volume decreased by 1,946 metric tons or 22% compared with that in 2022; the revenue decreased by NT\$669,145 thousand, or 23%.

The sales volume and amount of silicon carbide powder were 71 metric tons and NT\$338,577 thousand, respectively. The sales volume increased by 42 metric tons or 145% compared with that in 2022; the revenue increased by NT\$163,674 thousand, or 94%.

- (II) In terms of production, in the face of fierce competition of the external business environment, the Company needs stable quality and cost control to meet customer needs and have profitability space. The Company will continue to push forward lean production, Six Sigma, TRIZ system training and project promotion, and introduce automation and digitalization to be integrated into the MES production systems, so as to make the production systems more automatic, reasonable, and smart, thereby improving the overall quality and cost competitiveness.
- (III) Regarding ferrite core products, the inventory adjustments in the information and communication electronics industry have nearly reached a conclusion. Demand for end-user electronic products has gradually recovered, and with the increasing adoption of AI applications, our company continues to expand into emerging application markets such as IoT (Internet of Things), data centers for HPC (High-Performance Computing), servers, and automotive sectors.
- (IV) Regarding SiC products, the demand for SiC power devices is still in a growth stage. In recent years, the Company has continuously expanded its production and sales scale, resulting in sustained revenue growth. Furthermore, there has been significant progress in the development of high-purity SiC ceramic products, which we have actively invested in. We anticipate that this will present a new opportunity for future development.





## II. Overview of 2024 Business Plan and Planning for Future Development:

Looking forward to 2024, inflation and geopolitical risks continue to affect economic development; the electronics industry continues to launch new products and is still full of new opportunities, the annual sales volume of ferrite core is expected to be 8,383 tons. The Company expects to continue to grow and progress, and create better profits, with the continuous strengthening of the competitiveness of ferrite core industry and the active development of new businesses.

Finally, I wish all shareholders good health and all the best.

Chairman of the Board: Wu, Yi-Gui



President: Wu, Wen-Hao



## Chapter 2 Company Profile

I. Date of incorporation: September 5, 1991

II. Company History:

09/05/1991	The Company was incorporated with a registered capital of NT\$150,000 thousand.
09/30/1992	The Company increased its capital in cash by NT\$150,000 thousand to NT\$300,000 thousand.
12/01/1994	The Company entered into commercial operation.
06/06/1996	Passed ISO9002 certification.
11/12/1996	Completed the second cash capital increase by NT\$200,000 thousand and issued 20 million shares at a premium of NT\$13 per share. China Development participated in the equity subscription and became a major shareholder with a 14% stake.
02/02/1997	Passed ISO9001 certification.
12/31/1997	Completed the first phase of expansion, with an annual production capacity increase of 240 tons, bringing the entire factory's annual production capacity to 960 tons.
01/01/1999	Commissioned Gao'an Plant in Dongguan, Guangdong Province through its subsidiary Golden Amber Enterprises Ltd. to engage in grinding processing and finished product distribution.
02/28/1999	Taoyuan Plant completed the second phase of expansion, with an annual production capacity increase of 840 tons, bringing the annual production capacity to 1,800 tons.
10/26/1999	The Company's supplied material processing factory (Gao'an Plant) obtained ISO9001 certification.
06/28/2000	Established Acme Electronics (Cayman) Corp. in the Cayman Islands, with a shareholding ratio of 21.05%, and reinvested in Acme Electronics (Kunshan) Co., Ltd. through Acme Electronics (Cayman) Corp.
07/05/2000	Eliminated accumulated losses, reduced outstanding shares by 16.15 million, with new share capital of NT\$338,500 thousand.
07/27/2000	Acme Electronics (Kunshan) Co., Ltd. successfully obtained a business license and began the construction of its plant.
08/09/2000	A total of 6.15 million new shares were issued at a premium of NT\$15 per share. The capital increase of NT\$92,250 thousand was used to repay bank loans and improve the financial structure. The amount of capital after the capital increase was NT\$400,000 thousand.



07/01/2001	Acme Electronics (Kunshan) Co., Ltd. entered into commercial operation.
07/01/2001	The ERP finance module was officially launched.
08/01/2001	The new ferrite powder producing station of Taoyuan Plant entered into mass production, with an increased monthly capacity of 140 tons, and a total monthly capacity of 320 tons.
08/01/2001	In capitalization of earnings, NT\$3.3 was distributed for each share, NT\$2,000 thousand were allocated for capitalization of employee bonus. After the capitalization, the share capital was NT\$534,000 thousand and the number of outstanding shares was 53.4 million.
08/01/2001	A double channel furnace from Taoyuan Plant was resold to Acme Electronics (Kunshan) Co., Ltd., reducing the annual sintering capacity of Taoyuan Plant to 1,300 tons, while increasing the capacity of Kunshan Company to 1,800 tons.
01/01/2001	ERP sales and manufacturing module was fully launched.
01/17/2001	Passed ISO9001-2000 certification.
08/01/2002	In capitalization of earnings, NT\$1.85 was distributed for each share, NT\$3,210 thousand were allocated for capitalization of employee bonus. After the capitalization, the share capital was NT\$636,000 thousand.
03/18/2003	Invested in the establishment of Acme Electronics (BVI) Corp. with a 100% shareholding ratio, and Acme (BVI) reinvested in the establishment of Acme Magnetics USA Inc., a US marketing company.
06/16/2003	Acquired 6,758,000 outstanding shares of Acme Electronics (Cayman) Corp., increasing the shareholding in Acme Electronics (Cayman) Corp. to 50%.
10/31/2003	Purchased additional milling equipment and expanded the monthly production capacity of ferrite powder to 400 tons.
12/16/2003	Acquired 616,000 outstanding shares of Acme Electronics (Cayman) Corp., increasing the shareholding ratio to 51.05%.
03/29/2004	Listed on emerging market.
08/18/2004	In capitalization of earnings, NT\$0.8 was distributed for each share, NT\$2,000 thousand were allocated for capitalization of employee bonus. After the capitalization, the share capital was NT\$688,880 thousand.
09/07/2004	Issued all 3,180 units of employee stock options.
11/24/2004	Reinvested in Acme Electronics (Guangzhou) Co., Ltd. via a company established in a third region, namely Golden Amber Enterprises Ltd., with registered capital of USD 9,200 thousand.

02/17/2005	Officially listed in TPEx for trading at a price of NT\$15 per share.
03/31/2005	The expansion of ferrite powder producing station in Taoyuan Plant was completed, with the monthly capacity increased by 200 tons to 600 tons/month.
08/30/2005	In capitalization of earnings, NT\$1.0 was distributed for each share, NT\$2,000 thousand were allocated for capitalization of employee bonus. After the capitalization, the share capital was NT\$759,768 thousand.
10/01/2005	Established a nickel zinc production line.
01/02/2006	Taoyuan Plant and Kunshan Plant passed ISO14001 certification.
04/30/2006	The expansion of ferrite powder producing station in Taoyuan Plant was completed, with the monthly capacity increased by 200 tons to 800 tons/month.
05/01/2006	Guangzhou Plant was officially completed and put into production, with an annual production capacity of 3,600 tons.
08/10/2006	In capitalization of earnings, NT\$1.2 was distributed for each share, NT\$2,000 thousand were allocated for capitalization of employee bonus. After the capitalization, the share capital was NT\$852,940 thousand.
09/30/2006	Executed 667 units of employee stock options, issued 667,000 new shares, increasing the share capital to NT\$859,610 thousand.
03/22/2007	Executed 252 units of employee stock options, issued 252,000 new shares, increasing the share capital to NT\$862,130 thousand.
04/30/2007	Terminated the supplied material processing agreement with Guangdong Dongguan Gao'an Plant.
06/23/2007	Executed 105 units of employee stock options, issued 105,000 new shares, increasing the share capital to NT\$863,180 thousand.
08/14/2007	In capitalization of earnings, NT\$0.5 was distributed for each share, NT\$2,000 thousand were allocated for capitalization of employee bonus. After the capitalization, the share capital was NT\$908,161 thousand.
08/23/2007	Executed 40 units of employee stock options, issued 40,000 new shares, increasing the share capital to NT\$908,561 thousand.



09/19/2007	A total of 15 million new shares were issued in capitalization at a premium of NT\$35 per share. The proceeds from capitalization of NT\$525,000 thousand were all used for the purchase of machinery and equipment for sapphire business. The capital amount after the capitalization was NT\$1,058,561 thousand.
12/06/2007	Issued all 1,395 units of employee stock options.
12/24/2007	Executed 446 units of employee stock options, issued 446,000 new shares, increasing the share capital to NT\$1,063,021 thousand.
03/06/2008	Presented the outcome of the New Leading Sapphire Product Development Guidance Program.
03/20/2008	Executed 516 units of employee stock options, issued 516,000 new shares, increasing the share capital to NT\$1,068,181 thousand.
07/01/2008	Toufen Plant was officially completed, specializing in the production of sapphire.
08/18/2008	In capitalization of earnings, NT\$0.12937202 was distributed for each share, NT\$2,000 thousand were allocated for capitalization of employee bonus. After the capitalization, the share capital was NT\$1,144,592 thousand.
12/26/2008	Executed 280 units of employee stock options, issued 280,000 new shares, increasing the share capital to NT\$1,147,392 thousand.
04/16/2009	Due to the gradual relocation of the production bases of most American customers to mainland China, the American marketing company, Acme Magnetics USA Inc., 100% reinvested by Acme (BVI) was completely liquidated.
05/05/2009	Issued all 4,000 units of employee stock options.
07/07/2009	Executed 115 units of employee stock options, issued 115,000 new shares, increasing the share capital to NT\$1,148,542 thousand.
11/31/2009	Acme Electronics (Kunshan) Co., Ltd. relocated to the new factory to meet the regional development demand of local government, with a designed annual production capacity of 5,000 tons.
12/01/2009	Acquired Acme Components (Malaysia) Sdn. via Acme Electronics (Cayman) Corp. Bhd.
12/23/2009	Executed 218 units of employee stock options, issued 218,000 new shares, increasing the share capital to NT\$1,150,722 thousand.

03/22/2010	Executed 259 units of employee stock options, issued 259,000 new shares, increasing the share capital to NT\$1,153,312 thousand.
07/12/2010	Executed 69 units of employee stock options, issued 69,000 new shares, increasing the share capital to NT\$1,154,002 thousand.
08/23/2010	Executed 151 units of employee stock options, issued 151,000 new shares, increasing the share capital to NT\$1,155,512 thousand.
10/01/2010	Divested its Sapphire business and transferred this business to its wholly-owned subsidiary, USI Optronics Corporation (“USIO”) in order to implement organization restructuring and specialization, thereby enhancing competitiveness and operating performance.
10/27/2010	Participated in the cash capital increase of USIO, with a subscription amount of NT\$26,200 thousand. However, due to failure to subscribe according to the Shareholding ratio, the shareholding ratio decreased to 90.75%.
12/30/2010	Executed 273 units of employee stock options, issued 273,000 new shares, increasing the share capital to NT\$1,158,242 thousand.
03/22/2011	Executed 111 units of employee stock options, issued 111,000 new shares, increasing the share capital to NT\$1,159,352 thousand.
06/30/2011	Executed 957 units of employee stock options, issued 957,000 new shares, increasing the share capital to NT\$1,168,922 thousand.
08/25/2011	In capitalization of earnings, NT\$3.9345978 was distributed for each share. After the capitalization, the share capital was NT\$1,632,395 thousand.
08/30/2011	Executed 902 units of employee stock options, issued 902,000 new shares, increasing the share capital to NT\$1,641,415 thousand.
12/31/2011	Executed 99 units of employee stock options, issued 99,000 new shares, increasing the share capital to NT\$1,642,405 thousand.
03/22/2012	Executed 156 units of employee stock options, issued 156,000 new shares, increasing the share capital to NT\$1,643,965 thousand.
07/05/2012	Executed 87 units of employee stock options, issued 87,000 new shares, increasing the share capital to NT\$1,644,835 thousand.



08/15/2012	In capitalization of earnings, NT\$0.99532188 was distributed for each share. After the capitalization, the share capital was NT\$1,809,087 thousand.
08/30/2012	Executed 541 units of employee stock options, issued 541,000 new shares, increasing the share capital to NT\$1,814,497 thousand.
12/28/2012	Executed 27 units of employee stock options, issued 27,000 new shares, increasing the share capital to NT\$1,814,767 thousand.
03/27/2013	Executed 61 units of employee stock options, issued 61,000 new shares, increasing the share capital to NT\$1,815,377 thousand.
05/17/2013	Executed 49 units of employee stock options, issued 49,000 new shares, increasing the share capital to NT\$1,815,867 thousand.
08/15/2013	Executed 487 units of employee stock options, issued 487,000 new shares, increasing the share capital to NT\$1,820,737 thousand.
12/26/2013	Executed 97 units of employee stock options, issued 97,000 new shares, increasing the share capital to NT\$1,821,707 thousand.
03/21/2014	Executed 118 units of employee stock options, issued 118,000 new shares, increasing the share capital to NT\$1,822,887 thousand.
05/19/2014	Executed 4 units of employee stock options, issued 4,000 new shares, increasing the share capital to NT\$1,822,927 thousand.
08/16/2014	Executed 10 units of employee stock options, issued 10,000 new shares, increasing the share capital to NT\$1,823,027 thousand.
05/19/2015	Executed 75 units of employee stock options, issued 75,000 new shares, increasing the share capital to NT\$1,823,777 thousand.
11/16/2015	Executed 45 units of employee stock options, issued 45,000 new shares, increasing the share capital to NT\$1,824,227 thousand.
03/20/2018	Executed 8 units of employee stock options, issued 8,000 new shares, increasing the share capital to NT\$1,824,307 thousand.
03/20/2019	Executed 40 units of employee stock options, issued 40,000 new shares, increasing the share capital to NT\$1,824,707 thousand.

05/17/2019	Executed 523 units of employee stock options, issued 523,000 new shares, increasing the share capital to NT\$1,829,937 thousand.
11/26/2021	Taoyuan Plant passed ISO50001 Energy Management System certification.
10/06/2022	Taoyuan Plant obtained the qualification of bonded factory.
12/22/2022	Taoyuan Plant passed ISO45001 Occupational Health and Safety Management System certification.
02/06/2023	In capitalization, 30 million new shares were issued at a premium of NT\$20 per share. The proceeds from the capitalization of NT\$600,000 thousand were all used to repay bank loans. The share capital after the capitalization was NT\$2,129,937 thousand.
05/26/2023	Acquired 9,000,000 outstanding shares of Acme Electronics (Cayman) Corp., increasing the shareholding ratio to 60.10%.
01/04/2024	Through its subsidiary, Acme Components (Malaysia) Sdn. Bhd., the Company has reinvested the establishment of ACME Advanced Materials Sdn. Bhd.
02/26/2024	According to the shareholding ratio, the Company acquired 3,605,990 outstanding shares of Acme Electronics (Cayman) Corp., representing a shareholding ratio of 60.10%.



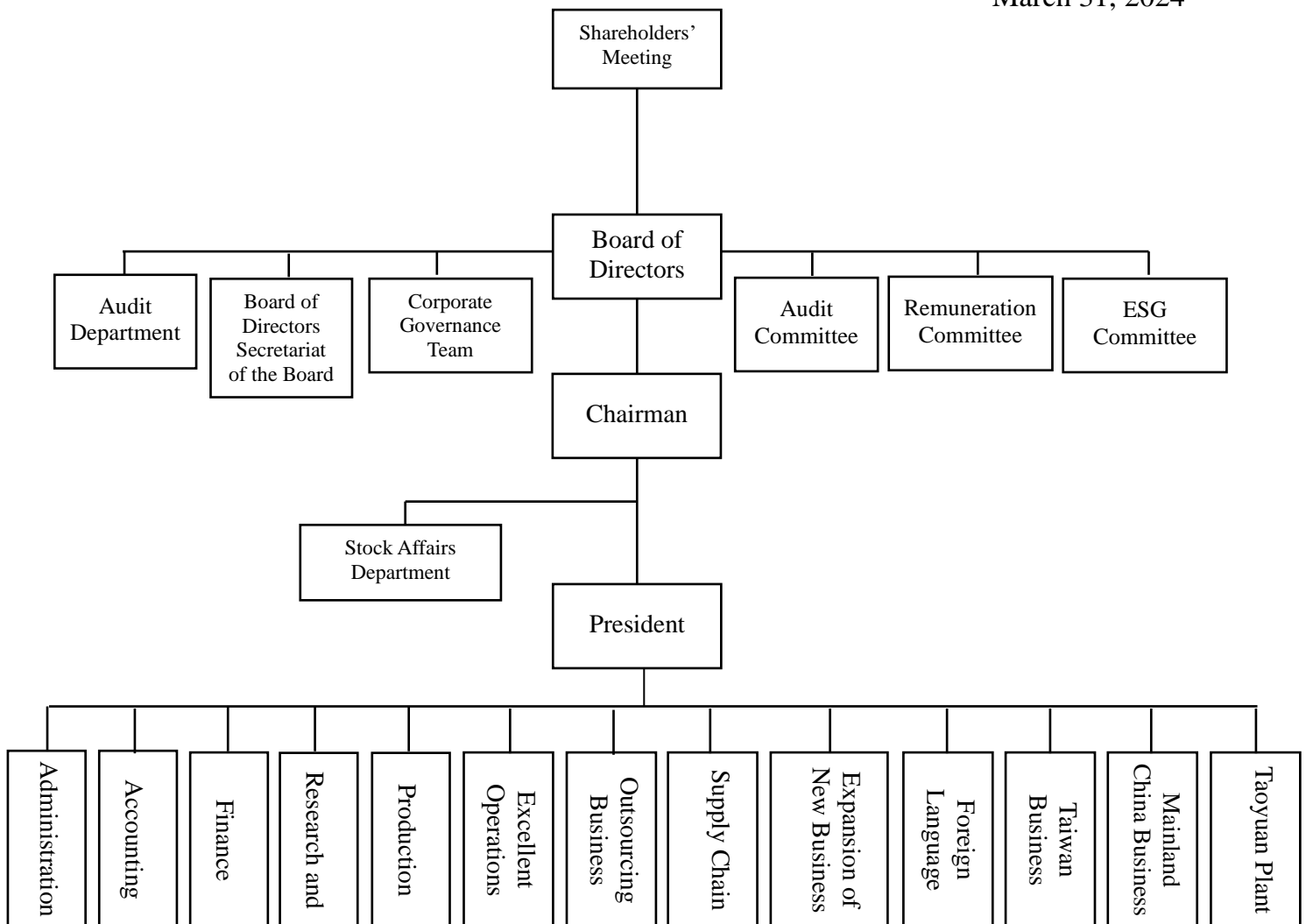


## Chapter 3 Corporate Governance Report

### I. Organizational System

#### (I) Organization Chart

March 31, 2024



## (II) Department Functions

March 31, 2024

Department	Mainly in charge of business
Audit Department	<ol style="list-style-type: none"><li>1. Establishment, discussion and revision of internal control system.</li><li>2. Investigation and evaluation of the implementation of internal control system.</li><li>3. Measurement of the effectiveness and efficiency of operations, and timely provision of improvement suggestions to ensure the continuous and effective implementation of the internal control system.</li></ol>
Expansion of New Business	<ol style="list-style-type: none"><li>1. Based on the analysis of our competitors' competitiveness to identify appropriate global market opportunities for our company's development.</li><li>2. Develop potential product/business plans based on our competitive advantage analysis.</li><li>3. Identify new products and create opportunities for business and market penetration.</li><li>4. Regularly conduct interviews with customers in collaboration with R&amp;D to identify new or expandable product opportunities.</li><li>5. Understand market conditions and customer satisfaction with our company and propose response strategies.</li></ol>
Administration	Planning and implementation of human resource management, general affairs, and plant environment improvement.
Accounting	<ol style="list-style-type: none"><li>1. Establishment and promotion of financial and accounting systems and related management systems.</li><li>2. Provision of financial reports, annual reports, and management information.</li><li>3. Tax planning and declaration.</li><li>4. Announcement and declaration of financial position.</li><li>5. Preparation and analysis of project-specific capital budget.</li><li>6. Budget preparation and control.</li><li>7. Control and coordination of accounting operations between companies in the Greater China and Malaysia.</li></ol>
Finance	<ol style="list-style-type: none"><li>1. Fund management, and planning and scheduling of long- and short-term fundraising activities.</li><li>2. Short-term financial management and long-term investment assignments.</li><li>3. Property insurance</li><li>4. Subsidiary endorsement guarantee and capital loan and operation.</li></ol>



Department	Mainly in charge of business
	5. Assist subsidiaries in the Greater China and Malaysia in obtaining overseas financing quotas.
Research and Development	<ol style="list-style-type: none"> <li>1. Lead the Company's technological development direction and coordinate and integrate various units to achieve it.</li> <li>2. Lead technical services on market and business ends, collect market information and translate into internal technical requirements, plan and coordinate R&amp;D, powder material and project operation of each plant engineering unit to meet customer needs.</li> <li>3. Collect and evaluate the current development status of new technologies in various fields as a reference for the Company's medium- and long-term development direction.</li> <li>4. Coordinate and make judgment in the research and development, powder materials, and technical issues between engineering units of each factory, enabling full exchange and sharing of technical information among each factory, and facilitating consistency in their technical capabilities.</li> <li>5. Lead the establishment of the Company's technical document database to accumulate the Company's knowledge assets and improve the knowledge utilization and regeneration rate.</li> </ol>
Outsourcing Business	<ol style="list-style-type: none"> <li>1. Overall planning and management of outsourcing business.</li> <li>2. Find suitable outsourcers and become the best communication role.</li> </ol>
Excellent Operations	<ol style="list-style-type: none"> <li>1. Develop the best operating methods and pursue forward-looking intelligent manufacturing.</li> <li>2. Improve the Company's orientation towards scientific work methods and enhance competitiveness.</li> <li>3. Promote continuous improvement techniques.</li> <li>4. Responsible for the planning, operation, and promotion of the entire company's information business.</li> <li>5. Plan, promote, and execute various information system import projects.</li> </ol>
Taoyuan Plant	<ol style="list-style-type: none"> <li>1. Manage machinery and equipment required for ferrite powder production.</li> <li>2. Formulation of ferrite powder production plan and factory management.</li> <li>3. Improvement of ferrite powder production process and yield.</li> <li>4. Continuous improvement of ferrite powder quality.</li> <li>5. Planning and implementation of labor safety and health and plant area environmental management.</li> </ol>

Department	Mainly in charge of business
	<ol style="list-style-type: none"> <li>6. Planning and implementation of human resource management, general affairs, and plant environment improvement.</li> <li>7. Procurement management of domestic and foreign raw materials, machinery and equipment, spare parts, factory facilities, etc. required for production.</li> <li>8. Plan and drive the quality systems to operate effectively to achieve company objectives.</li> <li>9. Implement quality management, promote and control through continuous improvement programs to ensure that the quality of delivery meets customer requirements and thereby enhance market competitiveness.</li> </ol>
Mainland China Business	<ol style="list-style-type: none"> <li>1. Manage the sales and handling of customer complaints for the Company's products in mainland China.</li> <li>2. Manage accounts receivable and statistical affairs, and ensure that orders are delivered.</li> <li>3. Develop new customers, promote new products, and explore strategic alliance opportunities in mainland China.</li> </ol>
Foreign Language Business	<ol style="list-style-type: none"> <li>1. Manage the sales and customer service of the Company's products in foreign language areas.</li> <li>2. Manage accounts receivable and statistical affairs, and ensure that orders are delivered.</li> <li>3. Explore overseas business opportunities, develop new customers, and explore foreign strategic alliance opportunities.</li> </ol>
Taiwan Business	<ol style="list-style-type: none"> <li>1. Manage the sales and customer service of the Company's products in Taiwan.</li> <li>2. Manage accounts receivable and statistical affairs, and ensure that orders are delivered.</li> </ol>
Supply Chain	<ol style="list-style-type: none"> <li>1. Undertake marketing forecasts, allocate production capacity, and ensure the optimization of production capacity in each factory.</li> <li>2. Appropriately allocate the product mix of each factory to meet customer needs.</li> <li>3. Integrate the purchase of mainland factory, and find more quality suppliers to support production.</li> <li>4. Procurement management of domestic and foreign raw materials, machinery and equipment, spare parts, factory facilities, etc. required for production.</li> </ol>
Production Technology	<ol style="list-style-type: none"> <li>1. Design and set up production facilities of the highest standard and capable of producing new generation products.</li> <li>2. Ensure the best process parameters and technology leadership in the factory.</li> </ol>



Department	Mainly in charge of business
	3. Solve all production technology problems and process integration.
Board of Directors Secretariat of the Board	1. Plan and handle matters related to Board of Directors' meetings 2. Convene the shareholders' meeting according to law, handle the declaration of the shareholders' meeting, prepare the procedure manual and keep information regarding shareholders present at shareholders' meetings in accordance with the law. 3. Assist in promoting and handling decrees issued by the competent authority
Corporate Governance Team	1. Execute related affairs for the Board of Directors meetings and shareholders' meetings 2. Prepare meeting minutes for the meetings of the Board of Directors and shareholders' meetings 3. Assist directors in their appointment and continuing education. 4. Provision of information required for performance of duties by the Directors 5. Assist the Directors in regulatory compliance 6. Other matters set forth in the Company's Articles of Incorporation or contracts.
Stock Affairs Department	Handle all matters related to stock affairs.

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1. Name, Experience (Education Background), Shares Held

Title (Note 1)	Nationality or Place of Incorporation	Name	Gender and Age (Note 2)	Date of appointment to position	Term of office	Commencement date of first term (Note 3)	Shares Held at time of election		Shares Currently Held		Current Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 5)
							Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
Chairman and CEO	Taiwan	USI CORPORATION	—	2023.5.26	3 years	1991.08.01	61,682,967	28.96%	61,682,967	28.96%	—	—	0	0%	Chairman of USI	(Note 6)	None		(Note 5)	
	Taiwan	Representative: Wu, Yi-Gui	Male, 71~75 years old			1995.08.01	—	—	1,510,750	0.71%	—	—	0	0%						
Director	Taiwan	USI CORPORATION	—	2023.5.26	3 years	1991.08.01	61,682,967	28.96%	61,682,967	28.96%	—	—	0	0%	National Chengchi University, MBA Deputy Management Director, Yulon Group Headquarters Chairman, Altek Corporation Chairman, Taiwan Mask Corporation Chairman, Myson Century , Inc.	(Note 7)	None		—	
	Taiwan	Representative: Hsu, Shan-Ko	Male, 71~75 years old			2008.06.13	—	—	78,695	0.04%	0	0%	0	0%						
Director	Taiwan	Asia Polymer Corporation	—	2023.5.26	3 years	2020.06.12	6,801,315	3.19%	6,801,315	3.19%	—	—	0	0%	General Manager, Walsin Lihwa Corporation		None		—	
	Taiwan	Representative: Cheng, Hui-Ming	Male, 66~70 years old			2002.05.21 2006.06.30 ~	—	—	0	0%	0	0%	0	0%						



Title (Note 1)	Nationality or Place of Incorporation	Name	Gender and Age (Note 2)	Date of appointment to position	Term of office	Commencement date of first term (Note 3)	Shares Held at time of election		Shares Currently Held		Current Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 5)
							Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
						2007.06.14 Interrupted								Director: KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd., KHL IV Venture Capital Co. Ltd., KHL V Venture Capital Co., Ltd., Gogoro Inc., Ganso Co., Ltd., Homeplus Digital Co., Ltd.						
Director and President	Taiwan	Asia Polymer Corporation	—	2023.5.26	3 years	2020.06.12	6,801,315	3.19%	6,801,315	3.19%	—	—	0	0%	MBA, University of Warwick, Engineering and Business Management Doctor, National Chiao Tung University, Department of Materials Science and Engineering Senior Engineer/Project Manager, Chang Chun Petrochemical Co., Ltd.	(Note 8)	None		—	
	Taiwan	Representative: Wu, Wen-Hao	Male, 51~55 years old			2020.06.12	—	—	302,245	0.14%	0	0.00%	0	0%						

Title (Note 1)	Nationality or Place of Incorporation	Name	Gender and Age (Note 2)	Date of appointment to position	Term of office	Commencement date of first term (Note 3)	Shares Held at time of election		Shares Currently Held		Current Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 5)
							Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
														Production Technology Manager/Director of R&D Division, UltraCap Technologies Corporation Director of Production Technology / Global Technical Director, Dow Chemical Deputy General Manager, Adidas Business Unit, Ching Luh Group CEO, Solibro Hi-Tech GmbH, Germany						
Director	Taiwan	Taita Chemical Company, Limited	—	2023.5.26	3 years	2020.06.12	4,991,556	2.34%	4,991,556	2.34%	—	—	0	0%	Virginia Polytechnic Institute & State University, USA. Graduate School of Economics, Master's Degree	None	None	—		
	Taiwan	Representative: Wu, Hsien-Tsung	Male, 71~75 years old			2001.05.28	—	—	15,462	0.01%	739	0%	0	0%	Associate Manager of Sales and Marketing Department, Swanson Plastics Corporation, General Manager, Acme Electronics					
Director	Taiwan	Taita Chemical Company, Limited	-	2023.5.26	3 years	2020.06.12	4,991,556	2.34%	4,991,556	2.34%	—	—	0	0%	Doctor, Department of Materials Science ,	Director: USIO President: USIO	None	—		





Title (Note 1)	Nationality or Place of Incorporation	Name	Gender and Age (Note 2)	Date of appointment to position	Term of office	Commencement date of first term (Note 3)	Shares Held at time of election		Shares Currently Held		Current Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 5)
							Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
	Taiwan	Representative: Huang, Chun-Hui	Male, 66~70 years old			2017.06.16	—	—	0	0%	0	0%	0	0%	National Taiwan University Associate Manager, Walsin Technology Corporation Division Head of Nexcell Battery Co., Ltd. Senior Research Scientist, Energy Conversion Devices (ECD) Associate Manager, International Super Energy					
Independent Director	Taiwan	Chang, Lee-Chiou	Male, 71~75 years old	2023.5.26	3 years	2012.06.19	0	0%	0	0%	0	0%	0	0%	National Chengchi University, Department of Insurance Auditor of National Taxation Bureau of Taipei, Ministry of Finance Team Leader of the Securities Administration Committee, Ministry of Finance President, Grand Cathay Securities Corp. President, Yuanta Securities	(Note 9)	None		—	

Title (Note 1)	Nationality or Place of Incorporation	Name	Gender and Age (Note 2)	Date of appointment to position	Term of office	Commencement date of first term (Note 3)	Shares Held at time of election		Shares Currently Held		Current Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 5)
							Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
Independent Director	Taiwan	Chen, Piao-Chun	Male, 71~75 years old	2023.5.26	3 years	2002.05.21	0	0%	0	0%	0	0%	0	0%	Department of Electrical Engineering, National Cheng Kung University President, Schmidt Scientific Taiwan Ltd., General Manager, Microsystems Business Group of Walsin Lihwa Corporation Special Assistant to the Chairman and President, Electronics Business Group of USI President of Tailyn Communication Co., Ltd.	Chairman, Elitech Corporation	None			—
Independent Director	Taiwan	Lin, Shun-Tian	Male, 61~65 years old	2023.5.26	3 years	2021.07.27	0	0%	0	0%	0	0%	0	0%	B.S. Chemical Engineering, National Taiwan University Ph.D. Materials Engineering, Rensselaer Polytechnic University Associate Professor and Professor, National Taiwan University of Science and Technology	Chairman, Draco Material Co., Ltd. Director, Adamas Technology Co., Ltd., Tripartite Therapeutics Inc. Independent Director, Trinity Precision Technology Co., Ltd.	None			—

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.

Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

- Note 4: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.
- Note 5: Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): The Chairman of the Board of Directors also serves as the CEO for the purpose of overall operation. The Chairman of the Board of Directors is given the opportunity to participate in the operation of the Company through his excellent management vision, in order to implement management decisions and enhance operational efficiency. More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints a major CPA firm to perform audits and established the Audit Committee and the Remuneration Committee to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.
- Note 6: Chairman: USI Corporation, China General Plastics Corporation, Taita Chemical Company Limited, Asia Polymer Corporation, Union Polymer International Investment Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation, Fujian Gulei Petrochemical.  
 Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber Enterprises, Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, A.S. Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, PT. Swanson Plastics Indonesia, USI Green Energy, USI(Zhangzhou), Emerald Investment, KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd., CTCI Group, Acme Advanced Materials, USI (Xiamen).  
 President: Union Polymer International Investment Corporation, USI Management Consulting Corporation, Dynamic Ever Investments Ltd, Ever Victory Global Ltd.  
 CEO: USI Corporation, Asia Polymer Corporation, China General Plastics Corporation, Taita Chemical Company Limited, Acme Electronics Corporation, USI Optronics Corporation  
 Executive Director: Chinese National Federation of Industries
- Note 7: Chairman: 3R Life Sciences Ltd., Unus Tech Co., Ltd.  
 Director: Innodisk, Corporation  
 Independent Directors: Nuvoton Technology Corporation, Winbond Electronics Corporation
- Note 8: Chairman: ACME (KS), Acme (GZ), ASK-Swanson (Kunshan), Swanson Plastics (Tianjin), Swanson Plastics (Kunshan), Acme Components (Malaysia), Acme Ferrite, Acme Advanced Materials  
 Director:: Acme (Cayman), Golden Amber Enterprises, Forever Young, Swanson International, A.S. Holdings (UK), PT. Swanson Plastics Indonesia, Swanson Plastics (India), Swanson Plastics (Malaysia), Swanson Plastics (Singapore), USIO, Swanson Plastics, Swanson Technologies  
 President: Acme Components (Malaysia), Acme Ferrite, Golden Amber Enterprises, Swanson Plastics (Malaysia), Swanson Plastics (Singapore), Swanson Plastics (India), PT. Swanson Plastics Indonesia, Acme (KS), Acme (GZ), Swanson Plastics, Swanson Technologies, Swanson Plastics (Tianjin), Swanson Plastics (Kunshan), ASK-Swanson (Kunshan)
- Note 9: Chairman: Panion & BF Biotech, Shun Tian International Consulting Co., Ltd., Herbiotek Co., Ltd., Cheng Fong Chemical Co., Ltd., Ho Tung Chemical Corp., YH Bio Co., Ltd.  
 Director: TriKnight Capital Corporation, Foci Fiber Optic Communications, Inc., Formosan Union Chemical Corporation  
 Independent Director: T3EX Global Holdings,  
 CEO: Sun Ten Group



2. Major shareholders of corporate shareholders:

March 30, 2024

Name of Corporate Shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)	
USI CORPORATION	Shing Lee Enterprise (Hong Kong) Limited Ltd	14.62%
	Wholegainer Company Limited's investment account under custody of Fubon Securities Co., Ltd.	9.25%
	Asia Polymer Corporation	8.53%
	Fubon Life Insurance Co., Ltd.	4.49%
	Taixing Investment Co., Ltd.	2.04%
	Lin, Hua-Hsin	1.75%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Yu, Wen-Hsuan	1.41%
	Yu, Wen-Tsung	1.41%
	Yu, Wen-Yu	1.41%
Asia Polymer Corporation	Union Polymer International Investment Corporation	36.08%
	Taiwan Union International Investment Corporation	2.41%
	Chunghwa Post Co., Ltd.	2.20%
	TransGlobe Life Insurance Inc.	2.17%
	The First Insurance Co., Ltd.	1.08%
	Special investment account of Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JP Morgan Chase Bank Taipei Branch	0.93%
	Special investment account of Vanguard Total International Stock Index Fund managed by Vanguard Star Fund Company in custody of JP Morgan Chase Bank Taipei Branch	0.90%
	China General Terminal & Distribution Co.	0.89%
	Weiheng Asset Management Co., Ltd.	0.42%
	Special investment account for core securities portfolio in emerging market of DFA Investment in custody of Citi (Taiwan)	0.42%
Taita Chemical Company, Limited	Union Polymer International Investment Corporation	36.79%
	Taiwan Union International Investment Corporation	2.23%
	China General Terminal & Distribution Co.	0.57%
	Chien Shing Stainless Steel Co., Ltd.	0.53%
	USIFE Investment Co., Ltd.	0.36%
	Special investment account for core securities portfolio in emerging market of DFA Investment in custody of Citi (Taiwan)	0.33%



Name of Corporate Shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)	
	Special investment account of Fubon in 2nd custody of New Labor Pension Fund for 2020	0.27%
	Lin, Tse-Tien	0.26%
	Li, Yao-Kui	0.21%
	Huang, Chong-Ming	0.20%

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

### 3. If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

March 30, 2024

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)	
Shing Lee Enterprise (Hong Kong) Limited Ltd	XANADU INTERNATIONAL CO.,LTD.	18.18%
	SILVER HERO VENTURES LTD.	18.18%
	SOCIAL LUCKY INT'L INVESTMENT LTD.	18.18%
	RICH GRADE HOLDINGS LTD.	18.18%
	ASIA DYNAMIC OVERSEAS LTD.	10.61%
	BEST PERSPECTIVE OVERSEAS LTD.	7.58%
Asia Polymer Corporation	Union Polymer International Investment Corporation	36.08%
	Taiwan Union International Investment Corporation	2.41%
	Chunghwa Post Co., Ltd.	2.20%
	TransGlobe Life Insurance Inc.	2.17%
	The First Insurance Co., Ltd.	1.08%
	Special investment account of Vanguard Emerging Markets Stock Index Fund managed	0.93%

Name of corporate/ juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)	
	by Vanguard Group in custody of JP Morgan Chase Bank Taipei Branch	
	Special investment account of Vanguard Total International Stock Index Fund managed by Vanguard Star Fund Company in custody of JP Morgan Chase Bank Taipei Branch	0.90%
	China General Terminal & Distribution Co.	0.89%
	Weiheng Asset Management Co., Ltd.	0.42%
	Special investment account for core securities portfolio in emerging market of DFA Investment in custody of Citi (Taiwan)	0.42%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100.00%
Taixing Investment Co., Ltd.	Information not obtained.	
Yueh Hsing Hua Investment Co., Ltd.	Information not obtained.	
Union Polymer International Investment Corporation	USI CORPORATION	100.00%
Taiwan Union International Investment Corporation	UPC Technology Corporation	100.00%
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications	100.00%
TransGlobe Life Insurance Inc.	Zhongweiyi Co., Ltd.	100.00%
The First Insurance Co., Ltd.	Chien Cheng Development Co., Ltd.	6.24%
	OSTA Trading Co., Ltd.	5.25%
	Shengqing Investment Co., Ltd.	4.95%
	Tsai Cheng Enterprise Co., Ltd.	3.80%
	Bao-Shan Construction Co., Ltd.	3.31%
	Chien Yi Industrial Co., Ltd.	2.45%
	Yi Chih Co., Ltd.	1.64%
	Tsai Rui Enterprise Co., Ltd.	1.49%
	Li Yang Xiu-Juan	1.24%
	Jianji Co., Ltd.	1.17%
China General Terminal & Distribution Co.	China General Plastics Corporation	33.33%
	Asia Polymer Corporation	33.33%
	Taita Chemical Company, Limited	33.33%
Weiheng Asset Management Co., Ltd	Information not obtained.	



Name of corporate/ juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)	
Chien Shing Stainless Steel Co., Ltd.	Information not obtained.	
USIFE Investment Co., Ltd.	USI CORPORATION	100.00%

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

#### 4. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

March 31, 2024

Qualifications Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Wu, Yi-Gui	(1) Now the Chairman and CEO of USI Corporation and its affiliated companies, having professional experience in corporate management and direct supervision of financial supervisor, accounting supervisor, etc. (2) Not fallen under Section 30 of the Company Act.	Not applicable	Not applicable
Hsu, Shan-Ko	(1) Once served as the Chairman of Altek Corporation and Taiwan Mask Corporation, experienced in business operation and management. (2) Not fallen under Section 30 of the Company Act.		

Qualifications Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Cheng, Hui-Ming	(1) Once served as the President of Walsin Lihwa Corporation, experienced in business operation and management. (2) Not fallen under Section 30 of the Company Act.		
Wu, Wen-Hao	(1) Now serving as the President of the Company, having experience of direct supervision of financial supervisor and accounting supervisor and cross-disciplinary integration. (2) Not fallen under Section 30 of the Company Act.		
Wu, Hsien-Tsung	(1) Once served as the President of the Company, experienced in business operation and management. (2) Not fallen under Section 30 of the Company Act.		
Huang, Chun-Hui	(1) Serving as the President of USI Optronics Corporation, experienced in material engineering required by the Company. (2) Not fallen under Section 30 of the Company Act.		
Chang, Lee-Chiou	(1) Now the Chairman of Panion & BF Biotech Inc. and Ho Tung Chemical Corp., and CEO of Sun Ten Group, having professional experience in corporate management and direct supervision of financial supervisor, accounting supervisor, etc. (2) Not fallen under Section 30 of the Company Act.	There were no incidents mentioned in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” in the two years prior to and during his/her term of office.	2
Chen, Piao-Chun	(1) Now serving as the Chairman of Elitech Corporation, experienced in business operation and management. (2) Not fallen under Section 30 of the Company Act.		0
Lin, Shun-Tian	(1) PhD in materials science from American University and once served as a professor at National Taiwan University of Science and Technology, having the professional qualifications required for the Company’s business. (2) Not fallen under Section 30 of the Company Act.		1





## 5. Diversity and Independence of the Board of Directors:

### (1) Diversity of the Board of Directors:

According to Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- I. Ability to make sound business judgments.
- II. Ability to perform accounting and financial analysis.
- III. Ability to manage a business.
- IV. Ability to handle crisis management.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Leadership skills.
- VIII. Decision-making ability.

In addition to the eight competencies above, the Company has added two professional abilities, namely legal capability and environmental protection for the diversification of the Board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present. At present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection.

The objective of diversifying the board members is to appoint a female director in order to meet the goals of gender diversity. In

addition, in response to the global trend of placing greater emphasis on corporate sustainability development, the company intends to appoint directors with expertise in relevant fields. This will enhance the company's sustainable competitiveness and improve the effectiveness of the board of directors.

(2) Independence of the Board of Directors:

Both independent directors, Chang, Lee-Chiou and Chen, Piao-Chun, have each served for more than three consecutive terms. Among them, Chang has extensive practical experience and expertise in the fields of finance and corporate management. Despite being reelected as an independent director of the Company for three terms, he consistently offers constructive feedback based on professional and independent judgment in both the Audit Committee and the Board of Directors, which is beneficial to the Company's financial planning and risk control. Chen, Piao-Chun has practical experience and expertise in business management in the technology, telecommunications, and microelectronics industries. Despite being reelected as an independent director of the Company for three terms, he consistently provides constructive feedback based on professional and independent judgment in both the Audit Committee and the Board of Directors, which is beneficial to the Company's transformation and development.

The members of the Board of Directors of the Company are all Taiwan citizens, including 3 independent directors, accounting for 33%; 2 directors with employee status, accounting for 22%. The age distribution of the directors is 1 between 51 and 60 years old, 3 between 61 and 70 years old, and 5 between 71 and 80 years old. None of the directors of the Company have a spouse or relation within the second degree of kinship.

## (II) General Manager, Deputy General Managers, Associate Managers, and Heads of Departments and Branches

March 30, 2024

Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shares Held		Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 3)
					Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
CEO	Taiwan	Wu, Yi-Gui	Male	2007.03.21	1,510,750	0.71%	—	—	0	0%	Chairman of USI	(Note 4)	None			(Note 3)
President	Taiwan	Wu, Wen-Hao	Male	2020.07.01	302,245	0.14%	0	0%	0	0%	MBA, University of Warwick, Engineering and Business Management Doctor, National Chiao Tung University, Department of Materials Science and Engineering Senior Engineer/Project Manager, Chang Chun Petrochemical Co., Ltd. Production Technology Manager/Director of R&D Division, UltraCap Technologies Corporation Director of Production Technology / Global Technical Director, Dow Chemical Deputy General Manager, Adidas Business Unit, Ching Luh Group CEO, Solibro Hi-Tech GmbH, Germany	(Note 5)	None			—
Deputy General Manager, Supply Chain, Taoyuan Plant	Taiwan	Liang, Ching-Chin	Male	2016.09.02	55,308	0.03%	0	0%	0	0%	Master of Labor Institute, Culture University Head of Human Resources Division, BES Engineering Inc. Associate Manager, Acme Electronics (KS) Associate Manager, Acme Electronics (GZ)	Deputy General Manager, Supply Chain, Acme (GZ) and Acme (KS)	None			—
Excellent Operations Consultant	Taiwan	Yang, Fu-Tien	Male	2015.09.07	28,000	0.01%	0	0%	0	0%	MBA, United States International University (USIU), San Diego, California Finance Officer, Federal Finance Agency (FFA) Computer Information Officer, Defense Management Center Section Chief, Information Center, Finance Division, Combined Service Forces (CSF) Adjunct Instructor, Department of Information Management, Defense Management Institute (DMI)	Deputy General Manager, Operational Excellence, Acme (GZ) and Acme (KS)	None			—



Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shares Held		Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 3)
					Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
											Deputy Director, Payroll Division, Combined Service Forces (CSF) Head of Okayama Income and Expenditure Group, Finance Division, Combined Service Forces (CSF) Manager, IT Software Division, Galaxy Software Services Corporation Head of Information Department, USI Corporation Head of Management Consulting Information Division, USI Corporation					
Associate Manager of Taiwan Business	Taiwan	Wang, Min-Hua	Female	2011.02.21	35,614	0.02%	—	—	0	0%	Bachelor, Department of International Trade, Tamkang University Sales Assistant, Daying Baikae Sales Assistant, Kien Hung Shipping Co. Sales Assistant, Top Marketing Taiwan Corp.	Taiwan Business Assistant, Acme (GZ) and Acme (KS)		None		—
R&D Director	Taiwan	Chen, Po-Tzu	Male	2015.07.01	138,694	0.07%	0	0%	0	0%	M.S., Institute of Materials, National Taiwan Ocean University Engineer, Santong Aerospace	Head of R&D, Acme (GZ) and Acme (KS)		None		—
Associate Manager, R&D of New Business	Taiwan	Lin, Chu-Nan	Male	2019.07.15	0	0%	0	0%	0	0%	Ph.D., Materials Science and Engineering, National Tsing Hua University Researcher, Industrial Research Institute Manager of R&D, Pan Overseas Electronic Deputy General Manager of Research and Development, Jya-Nay Deputy General Manager, Lianxu Technology Deputy General Manager of Research and Development, SFI Electronics Technology President of Green Energy Electrode Associate Manager, Acme Electronics (GZ)	None		None		—
Associate Manager, R&D of New Business	Taiwan	Cheng, Kuo-Wei	Male	2024.01.02.	0	0%	0	0%	0	0%	Master, Materials Science and Engineering, National Cheng Kung University Manager, Chi Mei Optoelectronics & Energy Engineering Vice President of R&D and Special Assistant of the Chairman, Ting Hsin Group Production Manager, FII Factory Manager, TLSG Vietnam	None		None		—

Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shares Held		Shares Held by Spouse and Underage Children		Shares held through nominees		Principal work experience and academic qualifications (Note 2)	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remark (Note 3)
					Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)			Title	Name	Relationship	
Associate Manager, R&D of Ferrite Core	Taiwan	Chen, Chien-Chi	Male	2019.07.15	73,190	0.03%	24,000	0.01%	0	0%	Master, Materials Science and Engineering, National Tsing Hua University Engineer, Sino-American Silicon Products Engineer, NetBiz Software Associate Manager, Acme Electronics (KS) Associate Manager, Acme Electronics (GZ)	Associate Manager, Ferrite Core Research and Development, Acme (GZ) and Acme (KS)	None			—
Foreign Language Business Associate Manager	Taiwan	Shih, Pei- Chao	Male	2021.07.01	49,491	0.02%	40,549	0.02%	0	0%	Department of Russian, Chinese Culture University Business personnel, Harmony Electronics	Foreign Language Business Manager, Acme (GZ) and Acme (KS)	None			—
Mainland China Business Associate Manager	Taiwan	Hsia, Chih- Hua	Male	2021.07.01	0	0%	0	0%	0	0%	Corporate Management Division, Hsing Wu Business College	Mainland China Business Associate Manager, Acme (GZ) and Acme (KS)	None			—
Corporate Governance Officer	Taiwan	Chen, Yung-Chih	Male	2019.05.07	0	0%	0	0%	0	0%	PhD in Law, University of Munich, Germany Winkler Partners - Attorneys at Law of Taiwan and Foreign Legal Affairs Arbitrator of Chinese Arbitration Association, Taipei	(Note 6)	None			—
Chief Financial Officer	Taiwan	Fang, Yu-Ling	Female	2015.04.01	34,673	0.02%	—	—	0	0%	Bachelor of Accounting, Tamkang University Accountant, Tatung Accounting Firm Cashier, William E. Connor (Taiwan) Ltd.	None	None			—
Accounting Manager	Taiwan	Lin, Su- Ying	Female	2024.03.05	0	0%	—	—	0	0%	Bachelor of Accounting, Soochow University Manager of Accounting/Finance, New Century Infocomm Tech Co., Ltd. Accounting Manager, Far Eastern Electronic Toll Collection Co., Ltd. In-charge Accountant, Walsin Lihwa Accounting Manager, HannsTouch Holdings Company Deputy Director of Finance and Accounting, Danen Technology Corporation Senior Accounting Manager, ChipMOS Technologies Inc.	Accounting Supervisor, USIO	None			—



- Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.
- Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.
- Note 3: Where the general manager or person of an equivalent post (the highest level manager) and the chairperson of the Board of Directors of a company are the same person, spouses, or relatives within the first degree of kinship, a disclosure shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): The Chairman of the Board of Directors also serves as the CEO for the purpose of overall operation. The Chairman of the Board of Directors is given the opportunity to participate in the operation of the Company through his excellent management vision, in order to implement management decisions and enhance operational efficiency. More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints a major CPA firm to perform audits and established the Audit Committee and the Remuneration Committee to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.
- Note 4: Chairman: USI Corporation, China General Plastics Corporation, Taita Chemical Company Limited, Asia Polymer Corporation, Union Polymer International Investment Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment Co., Ltd., CGPC Polymer Corporation, Asia Polymer Investment Corporation, Taiwan United Venture Capital Corporation, USI Management Consulting Corporation, Taiwan United Venture Management Corporation, Acme Electronics (Cayman) Corporation, USI Education Foundation, Fujian Gulei Petrochemical.  
 Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber Enterprises, Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, A.S. Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, PT. Swanson Plastics Indonesia, USI Green Energy, USI(Zhangzhou), Emerald Investment, KHL Venture Capital Co., Ltd., KHL IB Venture Capital Co., Ltd., CTCI Group, Acme Advanced Materials, USI (Xiamen).  
 President: Union Polymer International Investment Corporation, USI Management Consulting Corporation, Dynamic Ever Investments Ltd. and Ever Victory Global Ltd.  
 CEO: USI Corporation, Asia Polymer Corporation, China General Plastics Corporation, Taita Chemical Company Limited, USI Optronics Corporation  
 Executive Director: Chinese National Federation of Industries
- Note 5: Chairman: ACME (KS), Acme (GZ), ASK-Swanson (Kunshan), Swanson Plastics (Tianjin), Swanson Plastics (Kunshan), Acme Components (Malaysia) 、Acme Ferrite 、Acme Advanced Materials  
 Director: Acme (Cayman) , Golden Amber Enterprises, Forever Young, Swanson International, A.S. Holdings (UK), PT. Swanson Plastics Indonesia, Swanson Plastics (India), Swanson Plastics (Malaysia), Swanson Plastics (Singapore), USIO, Swanson Plastics, Swanson Technologies  
 President: Acme Components (Malaysia), Acme Ferrite, Golden Amber Enterprises, Swanson Plastics (Malaysia), Swanson Plastics (Singapore), Swanson Plastics(India), PT. Swanson Plastics Indonesia, Acme (KS), Acme (GZ), Swanson Plastics, Swanson Technologies, Swanson Plastics (Tianjin), Swanson Plastics (Kunshan), ASK-Swanson (Kunshan)
- Note 6: Independent Director: Manzai Industrial Co., Ltd.  
 Director: Continental General Plastics (Zhongshan) Co.,Ltd., Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd.  
 Supervisors: Union Polymer International Investment Corporation, Zhangzhou Taiju Trading Co., Ltd., Chong Loong Trading Co., Ltd., INOMA Corporation, USI Green Energy Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Plastics (Kunshan) Co., Ltd., Swanson Plastics (Tianjin) Co., Ltd., ASK-Swanson (Kunshan) Co., Ltd., USIFE Investment Co., Ltd., APC Investment Corporation, Taiwan United Venture Capital Corp., Taiwan United Venture Management Corporation, Delmind Inc., Global Green Technology Corporation, Cerebra, Technologies Co., Ltd., FiduciaEdge Technologies Co., Ltd.  
 Supervisor of Corporate Governance: USI Corporation, APC Corporation, China General Plastics Corporation and TTC Corporation

- (III) If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

The Chairman of the Board of Directors also serves as the Chief Executive Officer for the purpose of overall operation. The Chairman of the Board of Directors is given the opportunity to participate in the operation of the Company through his excellent management vision, in order to implement management decisions and enhance operational efficiency. More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints a major CPA firm to perform audits and established the Audit Committee and the Remuneration Committee to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

### III. Remuneration Paid to General Directors, Independent Directors, Supervisors, General Manager, and Deputy General Managers

1. If any of the circumstances listed below applies to the Company, it shall individually disclose the names and remuneration items paid to each director and supervisor. Otherwise, it may opt either to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range, or to disclose the name of each individual and the corresponding remuneration amount. (If individual disclosures are made, please fill in the individual's job title, name, and amounts, and it is unnecessary to fill in the Remuneration Range Table):

- (1) A company that posted an after-tax deficit in the parent company only financial reports or individual financial reports in any of the three most recent fiscal years shall disclose the names and remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits.
- (2) A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors.
- (3) A company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month.
- (4) If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT\$15 million, the company shall disclose the remuneration paid to that individual director or supervisor. (Note: The amount of remuneration received by the directors and supervisors as referred to above is calculated based on the “Remuneration to Directors” plus “Remuneration to Supervisors” as stated in the Table and does not include any other remuneration received by employees concurrently serving in a director or supervisor position. )



- (5) The Company, if listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX), is ranked in the lowest two 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.
- (6) The Company is listed on the TWSE or TPEX and the average annual salary of the full-time non-management employees is less than NT\$500,000 in the most recent fiscal year.
- (7) The Company is listed on the TWSE or TPEX and the net profit after tax of the Company increased by over 10 percent. However, the average annual salary of full-time non-management employees did not increase compared to the previous year.
- (8) The Company is listed on the TWSE or TPEX and the net profit after tax of the Company decreased by over 10 percent, exceeding NT\$5 million. Additionally, the average remuneration for each director (excluding remuneration for employees holding concurrent positions) increased by over 10 percent and exceeded NT\$100,000.
2. If the circumstance in item (1) or (5) of the preceding point applies to a company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its five most senior management personnel (e.g., management personnel such as the general manager, assistant general manager(s), chief executive, or chief financial officer).



### 3. Remuneration for general and independent directors

Unit: In Thousands of New Taiwan Dollars

Title	Name	Remuneration of directors								Sum of A+B+C+D and ratio to net income (%) (Note 10)		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+ G and ratio to net income (%) (Note 10)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 11)
		Base compensation (A) (Note 2)		Retirement pay and pension (B)		Director profit- sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 6)						
		The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company	All consolidated entities (Note 7)	The Company		All consolidated entities (Note 7)		The Company	All consolidated entities (Note 7)	
Chairman	Representative of USI Corporation: Wu, Yi-Gui	0	0	0	0	0	0	28	28	28 (0.02%)	28 (0.02%)	2,003	2,003	0	0	0	0	0	0	2,031 (1.19%)	2,031 (1.19%)	14,072
Director	Representative of USI Corporation: Hsu, Shan-Ko	800	800	0	0	0	0	148	148	948 (0.55%)	948 (0.55%)	0	0	0	0	0	0	0	0	948 (0.55%)	948 (0.55%)	0
Director	Representative of Asia Polymer Corporation: Cheng, Hui- Ming	800	800	0	0	0	0	148	148	948 (0.55%)	948 (0.55%)	0	0	0	0	0	0	0	0	948 (0.55%)	948 (0.55%)	0
Director	Representative of Asia Polymer Corporation: Wu, Wen-Hao	0	0	0	0	0	0	28	28	28 (0.02%)	28 (0.02%)	4,358	4,358	54	54	0	0	0	0	4,440 (2.59%)	4,440 (2.59%)	0
Director	Representative of Taita Chemical Company, Limited: Wu, Hsien-Tsung	800	800	0	0	0	0	148	148	948 (0.55%)	948 (0.55%)	0	0	0	0	0	0	0	0	948 (0.55%)	948 (0.55%)	0
Director	Representative of Taita Chemical Co., Ltd.: Huang, Chun-Hui	0	0	0	0	0	0	28	28	28 (0.02%)	28 (0.02%)	0	0	0	0	0	0	0	0	28 (0.02%)	28 (0.02%)	3,999
Independent Director	Chang, Lee- Chiou	800	800	0	0	0	0	178	178	978 (0.57%)	978 (0.57%)	0	0	0	0	0	0	0	0	978 (0.57%)	978 (0.57%)	0
Independent Director	Chen, Piao- Chun	800	800	0	0	0	0	178	178	978 (0.57%)	978 (0.57%)	0	0	0	0	0	0	0	0	978 (0.57%)	978 (0.57%)	0
Independent Director	Lin, Shun-Tian	800	800	0	0	0	0	178	178	978 (0.57%)	978 (0.57%)	0	0	0	0	0	0	0	0	978 (0.57%)	978 (0.57%)	0
<div>1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The remuneration of Independent Directors is determined in accordance with the Company's Articles of Incorporation and the remuneration policies and regulations. It is also determined by their level of participation in the Company's operations, value of their contribution, and median pay in the industry. With the approval of the Remuneration Committee and the resolution of the Board of Directors, the Chairman is authorized to decide the payment amount and payment method according to their participation degree and contribution value in the operation of the Company through the remuneration ceiling. Except for the fixed remuneration, no other consideration is paid each year.</div> <div>2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.</div>																						

## Range of Remuneration

Range of Remuneration Paid to the Directors of the Company	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All consolidated entities (Note 9) H	The Company (Note 8)	The parent company and all investees (Note 9) I
Less than NT\$1,000,000	Wu, Yi-Gui, Hsu, Shan-Ko, Cheng, Hui-Ming, Wu, Wen-Hao, Huang, Chun-Hui, Wu, Hsien-Tsung, Chang, Lee-Chiou, Chen, Piao-Chun, and Lin, Shun-Tian	Wu, Yi-Gui, Hsu, Shan-Ko, Cheng, Hui-Ming, Wu, Wen-Hao, Huang, Chun-Hui, Wu, Hsien-Tsung, Chang, Lee-Chiou, Chen, Piao-Chun, and Lin, Shun-Tian	Hsu, Shan-Ko, Cheng, Hui-Ming, Huang, Chun-Hui, Wu, Hsien-Tsung, Chang, Lee-Chiou, Chen, Piao-Chun, and Lin, Shun-Tian	Hsu, Shan-Ko, Cheng, Hui-Ming, Wu, Hsien-Tsung, Chang, Lee-Chiou, Chen, Piao-Chun, and Lin, Shun-Tian
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)			Wu, Yi-Gui	
NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)			Wu, Wen-Hao	Huang, Chun-Hui, Wu, Wen-Hao
NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000 (exclusive)				
NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000 (exclusive)				
NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000 (exclusive)				Wu, Yi-Gui
NT\$ 30,000,000 (inclusive) to NT\$ 50,000,000 (exclusive)				
NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000 (exclusive)				
NT\$100,000,000 or more				
Total	NT\$5,862 thousand	NT\$5,862 thousand	NT\$12,277 thousand	NT\$30,348 thousand

The total annual rent of car rented by directors and employees was NT\$198 thousand; the total annual fuel cost was NT\$57 thousand. The annual allowance for pension was NT\$54 thousand, and the actual payment was NT\$0 thousand.

Remuneration paid to Directors from investees other than the Company's subsidiaries or from parent company, including that of 2023.

- Note 1: The names of Directors shall be listed separately (for corporate shareholders, their names and the name of their representatives shall be listed separately) and the amount of remuneration paid to them shall be disclosed collectively. Director(s), who is also the General Manager or Deputy General Managers, should be listed in this table and Table 5 below.
- Note 2: Means the remuneration of the directors for the most recent year (including directors' salary, office bonuses, severance pay, various bonuses, incentive payments, etc.).
- Note 3: Fill the amount of rewards approved by the Board of Directors and distributed to the Directors in the most recent fiscal year.
- Note 4: Business expenses paid to the Directors in the most recent fiscal year (including services and goods provided such as transportation allowances, special allowances, various allowances, accommodation, and vehicle). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note.
- Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including general manager, deputy general managers, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any



compensation recognized in the IFRS 2 - “Share-Based Payment” section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

- Note 6: For Directors concurrently serving as employees (including general manager, deputy general manager, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 7: The total amount of all the remuneration paid to the Company’s Directors by all the companies in the consolidated financial statements (including the Company) shall be disclosed.
- Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.
- Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies in the consolidated financial statements (including the Company) shall be disclosed. The name of each Director shall be disclosed in the range of remuneration corresponding to the total amount.
- Note 10: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.
- Note 11: a. The amount of remuneration received from subsidiaries other than investee companies or the parent company by the Company’s Directors shall be stated clearly in this column (please specify “none” if there is no remuneration).
- b. If a Director of the Company receives remuneration from investee companies other than subsidiaries or the parent company, the amount of remuneration received by the director from investee companies other than subsidiaries or the parent company shall be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as “Parent Company and All Investee Companies”.
- c. The remuneration means pay, compensation (including compensation of employees, directors and executives) and business expenses received by the Director serving as a director, supervisor or manager of an investee company or parent company of the Company other than subsidiaries.

A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

4. Remuneration Paid to Supervisors: Not applicable.

5. Remuneration for General Manager and Deputy General Manager

Unit: In Thousands of New Taiwan Dollars

Title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 8)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Wu, Yi-Gui	1,403	1,403	0	0	600	600	0	0	0	0	2,003 (1.17%)	2,003 (1.17%)	14,072
President	Wu, Wen-Hao	1,703	1,703	54	54	2,655	2,655	0	0	0	0	4,412 (2.58%)	4,412 (2.58%)	0
Deputy General Manager	Liang, Ching-Chin	2,279	2,279	152	152	890	890	0	0	0	0	3,321 (1.94%)	3,321 (1.94%)	0

\* Regardless of titles, remunerations of employees with position equivalent to General Manager and Deputy General Manager (such as president, CEO, director) shall be disclosed.

## Range of Remuneration

Range of Remuneration Paid to the President and Deputy General Managers	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	The parent company and all investees (Note 7) E
Less than NT\$1,000,000		
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Wu, Yi-Gui, Liang, Ching-Chin	Liang, Ching-Chin
NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000 (exclusive)	Wu, Wen-Hao	Wu, Wen-Hao
NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000 (exclusive)		
NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000 (exclusive)		
NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000 (exclusive)		Wu, Yi-Gui
NT\$ 30,000,000 (inclusive) to NT\$ 50,000,000 (exclusive)		
NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000 (exclusive)		
NT\$100,000,000 or more		
Total	NT\$9,736 thousand	NT\$23,808 thousand

Note The total annual rent of car rented was NT\$198 thousand; the total annual fuel cost was NT\$146 thousand. The annual allowance for pension was NT\$206 thousand, and the actual old-system pension was NT\$0 thousand.

Note 1: The name of the General Manager and Deputy General Manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. Director(s), who is also the General Manager or Deputy General Managers, is/are already listed in this table and Table 3 above.

Note 2: Fill the salary, job-related allowances and separation pay received by the General Manager and Deputy General Manager in the most recent fiscal year.

Note 3: Fill various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and vehicle received by general manager and deputy general managers in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 - "Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.



- Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the general manager and deputy general manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 5: The total amount of all the remuneration paid to the Company's General Manager and Deputy General Manager by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.
- Note 6: The name of each General Manager and Deputy General Manager should be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the General Manager and Deputy General Manager by the Company.
- Note 7: The total amount of all the remuneration paid to each general manager and deputy general manager of the company by all the companies (including the company) listed in its consolidated financial statements shall be disclosed. The name of each general manager and deputy general manager shall be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.
- Note 8: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.
- Note 9: a. This field shall clearly indicate the amount of remuneration received by the Company's General Manager or Deputy General Manager from investees other than subsidiaries or the parent company (if not, please fill in "none").
- b. If a General Manager or Deputy General Manager of the Company received remuneration from investees other than subsidiaries of the Company or the parent company, the remuneration received by the General Manager or Deputy General Manager of the Company from investees other than subsidiaries of the Company or the parent company shall be included in E column of the Remuneration Range Table and the name of the field shall be changed to "Parent Company and All Investment Companies".
- c. The remuneration refers to the compensation and benefits paid to the Company's general manager and vice general manager who serve as directors, supervisor or manager in the reinvested companies or parent company other than subsidiaries (including remuneration for employees, directors and executives), professional service fees and relevant benefits.
- \* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

## 6. Remuneration paid to the five remunerated executives of TWSE/TPEX listed company (Note 1)

Title	Name	Salary (A) (Note 2)		Retirement pay and pension (B)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 6)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 7)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All consolidated entities (Note 5)		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Wu, Wen-Hao	1,703	1,703	54	54	2,655	2,655	0	0	0	0	4,412 (2.58%)	4,412 (2.58%)	0
Deputy General Manager	Liang, Ching-Chin	2,279	2,279	152	152	890	890	0	0	0	0	3,321 (1.94%)	3,321 (1.94%)	0
Consultant	Yang, Fu-Tien	2,404	2,404	108	108	661	661	0	0	0	0	3,173 (1.85%)	3,173 (1.85%)	0
Associate Manager	Chen, Po-Tzu	2,016	2,016	147	147	746	746	0	0	0	0	2,909 (1.70%)	2,909 (1.70%)	0
Director	Puu, Nan-Sheng	1,589	2,189	108	108	311	311	0	0	0	0	2,008 (1.17%)	2,608 (1.52%)	0

Note: The total annual rent of car rented was NT\$198 thousand; the total annual fuel cost was NT\$250 thousand. The annual allowance for pension was NT\$569 thousand, and the actual old-system pension was NT\$0 thousand.

- Note 1: The “top five remunerated officers” refer to the managerial officers of the Company whose identification standards shall be subject to the scope of application of the “managerial officers” stipulated in the file T.C.Z.S.Z. No. 0920001301 of the former Securities and Futures Regulatory Commission of the Ministry of Finance on March 27, 2003. The calculation and recognition principle of the “top five remunerated” are based on the order of the total amount of salary, pension, bonus and special expenses received by the Company’s managerial officers from all the companies in the consolidated financial statements, as well as the total amount of employee compensation (i.e., the total of A+B+C+D). Director(s), who is/are also the aforesaid officer(s), is/are already listed in this table and Table 3 above.
- Note 2: Fill only the salary, job bonus and severance pay of the top five remunerated executives in the most recent year.
- Note 3: Fill the amount of various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation and vehicle received by the top five remunerated executives in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 - “Share-Based Payment” section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.
- Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the top five remunerated executives in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 5: The total amount of all the remunerations paid to the Company’s top five remunerated executives by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.
- Note 6: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.
- Note 7: a. This field shall clearly indicate the amount of remuneration received by the Company’s top five remunerated executives from investees other than a subsidiary or from the parent company (if not, please fill in “none”).
- b. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the top five remunerated executives serving as a director, supervisor or manager of an investee company or parent company of the Company other than subsidiaries.
- \* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

## 7. Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

As of December 31, 2023; Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of total amount to net income (%)
Manager	CEO	Wu, Yi-Gui	0	0	0	0
	President	Wu, Wen-Hao				
	Deputy General Manager	Liang, Ching- Chin				
	Consultant	Yang, Fu-Tien				
	Associate Manager	Wang, Min-Hua				
	Associate Manager	Chen, Po-Tzu				
	Associate Manager	Lin, Chu-Nan				
	Associate Manager	Chen, Chien-Chi				
	Associate Manager	Shih, Pei-Chao				
	Associate Manager	Hsia, Chih-Hua				
	Associate Manager	Cheng, Kuo-Wei (Note 5)				
	Chief Financial Officer	Fang, Yu-Ling				
	Accounting Manager	Lin, Su-Ying (Note 6)				
	Accounting Manager	Chang, Sheng- Chuang (Note 6)				
	Corporate Governance Officer	Chen, Yung- Chih				

Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the Board of Directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 3: The applicable scope of “managerial officers” is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions:

- (1) General manager(s) and equivalent level positions
- (2) Assistant general manager(s) and equivalent level positions
- (3) Deputy assistant general manager(s) and equivalent level positions
- (4) Chief officer of the finance division
- (5) Chief officer of the accounting division
- (6) Other persons who have the power to manage affairs and sign for the Company





Note 4: If any director, general manager, or assistant general manager receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

Note 5: Mr. Cheng, Kuo-Wei assumed the position of Deputy Manager on January 2, 2024.

Note 6: Accounting Manager - Ms. Lin, Su-Ying assumed office on March 5, 2024, while Mr. Chang, Sheng-Chuang was terminated from his position on the same day, March 5, 2024.

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

Category \ Year	2023		2022	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Director	(3.42%)	(3.42%)	35.52%	35.52%
Directors (including Remuneration received for concurrent service an employee)	(7.17%)	(7.17%)	74.05%	74.05%
President and Deputy General Managers	(5.69%)	(5.69%)	57.73%	57.73%

(1) Policies, standards and packages of remuneration

The remuneration of Directors shall be in accordance with the Article 18-1 of the Articles of Incorporation of the Company: Regardless of operating profit or loss, the directors shall be remunerated according to the degree of their participation in the

operation of the Company and the value of their contributions to the Company, with reference to the domestic industry level. The remuneration shall not exceed 1% of the profit of the current year according to Article 34 of the Articles of Incorporation of the Company. The aforesaid remuneration was determined with reference to the Company's operations performance and the performance evaluation results of the Directors. In addition, the transportation allowances shall be paid according to the resolution of the shareholders' meeting, except that Managerial Officers who concurrently serves as a Director of the Company shall not receive the transportation allowance. The periodic evaluation of directors' performance includes the mastery of the Company's objectives and tasks, the directors' awareness of their duties and responsibilities, their participation in the Company's operations, the operation and communication of internal relations, the directors' professional and continuing education, and internal control.

Managerial remuneration will be managed in accordance with the company's relevant personnel regulations and the provisions of Article 34 of the Company's Articles of Incorporation. Operational performance will be considered in determining remuneration. The operational performance includes financial aspects such as revenue, operating profit, and pre-tax net profit. It also encompasses customer aspects like customer satisfaction and service quality and product aspects such as brand management and quality innovation. Additionally, talent aspects such as talent cultivation, potential development, and safety aspects like zero pollution, zero emissions, zero occupational accidents, zero accidents, and zero failures are considered. The evaluation of these aspects takes into account the achievement rate, with sustainability indicators carrying a weight of at least 5%.

The packages of remuneration paid by the Company shall be



determined by the organizational regulations of the Remuneration Committee, including cash remuneration, stock options, dividends, retirement benefits or severance pay, various allowances and other measures with substantial incentives; Its scope is consistent with that of directors and managerial officers in the criteria of annual retribution records of public companies.

(2) Procedures for determining remuneration

In order to periodically evaluate the remuneration of directors and managers, the results of the evaluation are based on the Performance Evaluation Measures of the Board of Directors and the Performance Management Measures applicable to managers and employees of the Company, respectively.

The performance evaluation and the reasonableness of the remuneration of directors and managerial officers are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors on an annual basis, with reference to the achievement rate of performance and contribution to the Company, the overall operational performance of the Company, the future risks and development trends of the industry, and the timely review of the remuneration system from time to time in light of the actual operating conditions and relevant laws and regulations, in order to provide reasonable remuneration for the Company's balance of sustainable operation and risk control.

(3) The linkage to operating performance and future risk exposure:

The Remuneration Committee references the Company's overall business performance, outlook of the industry, business risks, and development trends and evaluates the performance targets of the Company's Directors and managerial officers to establish the content and amount of their remuneration individually. The Committee forms recommendations and submits them to the Board of Directors for passage. The Committee reviews the remuneration system for the Company's Directors and

managerial officers any time in light of the actual operating conditions and relevant laws and regulations and should not guide the Company's Directors and managerial officers to pursue compensation and engage in behaviors beyond the Company's risk appetite.

#### IV. The state of the company's implementation of corporate governance:

##### (I) Operation of the Board of Directors:

A total of seven (7) meetings (A) were held by the Board of Directors in the most recent fiscal year (2023). The attendance of the members of the Board was as follows:

Title	Name	1st meeting 2023.1.5	2nd meeting 2023.3.2	3rd meeting 2023.4.10	4th meeting 2023.5.2	5th meeting 2023.6.6	6th meeting 2023.7.31	7th meeting 2023.11.2	Attendance in person (B)	No. of meetings attended by proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remark
Chairman	Wu, Yi-Gui (Representative of USI Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reappointed
Director	Hsu, Shan-Ko (Representative of USI Corporation)	◎	☆	◎	◎	◎	◎	☆	5	2	71.43	Reappointed
Director	Cheng, Hui-Ming (Representative of Asia Polymer Corporation)	☆	◎	◎	◎	◎	◎	◎	6	1	85.71	Reappointed
Director and President	Wu, Wen-Hao (Representative of Taita Chemical Company, Limited)	◎	◎	◎	◎	—	—	—	6	1	85.71	Reappointed
	Wu, Wen-Hao (Representative of Asia Polymer Corporation)	—	—	—	—	☆	◎	◎				
Director	Wu, Hsien-Tsung (Representative of Asia Polymer Corporation)	◎	◎	◎	◎	—	—	—	7	0	100	Reappointed
	Wu, Hsien-Tsung (Representative of Taita Chemical Company, Limited)	—	—	—	—	◎	◎	◎				



Title	Name	1st meeting 2023.1.5	2nd meeting 2023.3.2	3rd meeting 2023.4.10	4th meeting 2023.5.2	5th meeting 2023.6.6	6th meeting 2023.7.31	7th meeting 2023.11.2	Attendance in person (B)	No. of meetings attended by proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Remark
Director	Huang, Chun-Hui (Representative of Taita Chemical Company, Limited)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reappointed
Independent Director	Chang, Lee-Chiou	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reappointed
Independent Director	Chen, Piao-Chun	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reappointed
Independent Director	Lin, Shun-Tian	◎	◎	◎	◎	◎	◎	◎	7	0	100	Reappointed

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(2) If any by-election for supervisors was held before the end of the fiscal year, the names of the new and old supervisors should be filled in the table, with a note stating whether the supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of meetings attended in person during the period of each such supervisor's actual time in office.

Note 3: Attendance in person: ◎; Attendance by proxy: ☆.

Note 4: Directors were re-elected on the general shareholders' meeting held on May 26, 2023, including three independent directors.



Other information required to be disclosed:

- I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors.

(I) Any matter under Article 14-3 of the Securities and Exchange Act:

Term of the Board meeting Date	Proposal and Follow-up Actions	Items specified in Article 14-3 of the Securities and Exchange Act	Dissenting Opinion or Qualified Opinion by Independent Directors
The 16th meeting of the 11th term 2023.1.5	1. Approve the proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Resolution: Except for director Wu, Yi-Gui and director Wu, Wen-Hao, who withdrew due to interest issues, other directors present agreed upon the Acting Chair's consultation.		
	2. Approve the proposal to provide endorsement and guarantee to Acme Electronics (Guangzhou) Co., Ltd., a subsidiary of the Company.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
The 17th meeting of the 11th term 2023.3.2	Opinions of Independent Directors: None		
	1. Approved the recommendation to lift competition restrictions against newly elected directors at the general shareholders' meeting.	Yes	None
	2. Approve the appointment of CPAs for 2023.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
The 19th meeting of the 11th term 2023.5.2	Opinions of Independent Directors: None		
	Approve the amendments to the Company's internal control system.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
The 2nd meeting of the 12th term 2023.7.31	Opinions of Independent Directors: None		
	Approve the change of the certified public accountant.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
The 3rd meeting of the 12th term 2023.11.2	Opinions of Independent Directors: None		
	1. Approve the proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Resolution: Except for director Wu, Yi-Gui and director Wu, Wen-Hao, who withdrew due to interest issues, other directors present agreed upon the Acting Chair's consultation.		

Term of the Board meeting Date	Proposal and Follow-up Actions	Items specified in Article 14-3 of the Securities and Exchange Act	Dissenting Opinion or Qualified Opinion by Independent Directors
	2. Approve the establishment of a new company in Malaysia for the production and sales of silicon carbide.	Yes	None
	3. Approve remuneration of CPAs for 2023.	Yes	None
	Opinions of Independent Directors: None		
	The Company's actions in response to the opinions of Independent Directors: None		
	Opinions of Independent Directors: None		

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Name of Director	The content of the motion	The cause for recusal	Whether and how the director voted	Remark
Wu, Yi-Gui Wu, Wen-Hao	Proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.	The recused Director has an interest due to serving as a director of Acme Electronics (Kunshan) Co., Ltd.	Did not participate in voting	The 16th meeting of the 11th term 2023.1.5
				The 3rd meeting of the 12th term 2023.11.2
Chang, Lee-Chiou Chen, Piao-Chun Lin, Shun-Tian	Appoint Chang, Lee-Chiou, Chen, Piao-Chun, and Lin, Shun-Tian as members of the Remuneration Committee of the Company.	Directors had conflicts of interest.	Did not participate in voting	The 1st meeting of the 12th term 2023.6.6
Wu, Wen-Hao	Managerial competitive behavior	Directors had conflicts of interest.	Did not participate in voting	The 2nd meeting of the 12th term 2023.7.31
				The 3rd meeting of the 12th term 2023.11.2





III. For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content.

Execution of evaluation of the Board of Directors in 2023:

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
Once a year	From January 1, 2023 to December 31, 2023	Board performance evaluation	Internal self-evaluation of the Board of Directors	<b>I.</b> Board performance evaluation <ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Improving the quality of board decisions</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Election and continuing education of directors</li> <li>5. Internal control</li> </ol>
		Performance evaluation of individual director	Self-evaluation by directors	<b>II.</b> Performance self-evaluation of directors <ol style="list-style-type: none"> <li>1. Mastery of the Company's goals and tasks</li> <li>2. Recognition of directors' responsibilities</li> <li>3. Degree of participation in company operations</li> <li>4. Management and communication of the internal relations</li> <li>5. Expertise and continuing education of the Directors</li> <li>6. Internal control</li> </ol>
		Evaluation of functional committees' performance	Self-evaluation of the members of functional committees	<b>III.</b> Evaluation of the Audit Committee's Performance <ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Understanding of the Audit Committee's duties</li> <li>3. Improvement of the decision-making quality of the Audit Committee</li> <li>4. Composition of the Audit Committee and selection of committee members</li> <li>5. Internal control</li> </ol>
				<b>IV.</b> Evaluation of the Remuneration Committee's performance <ol style="list-style-type: none"> <li>1. Degree of participation in company operations</li> <li>2. Understanding of the Remuneration Committee's roles and</li> </ol>

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
				responsibilities 3. Improvement in the Remuneration Committee's decision-making quality 4. Composition and member selection of the Remuneration Committee

※ The results of the performance evaluation of the Board of Directors and the functional committees in 2023 were reported to the first meeting of the Board of Directors in 2024 (March 5, 2024) and were disclosed on the Company's website after the meeting.

Note 1: Fill in the cycle on which the board evaluations are performed, for example: performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example: An evaluation was performed of the performance of the board of directors from 1 January 2023 to 31 December 2023.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations external organizations or experts engaged for that purpose, or other suitable method.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

- (1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.
- (2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.
- (3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.



1. The operation of the Board of Directors of the Company is carried out in accordance with laws and regulations, the Company's articles of Incorporation, and the resolutions of the shareholders' meeting. All directors, in addition to possessing the necessary professional knowledge, skills, and literacy to perform their duties, adhere to the principle of loyalty, integrity, and duty of care, and create the maximum benefits for all shareholders.
2. The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its Rules of Procedure for Board of Directors' Meetings and Rules Governing the Scope of Powers of Independent Directors, and evaluates its Audit Committee Charter and Remuneration Committee Charter in due course. The Company really seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been favorable.
3. In order to implement corporate governance, safeguard shareholders' interests and to strengthen the functions of the Board of Directors, the Corporate Governance Officer was established to support operations of the Board on May 7, 2019.
4. The Company has formed functional committees such as the Remuneration Committee, the Audit Committee, and the Sustainable Development Committee in 2011, 2014, and 2023, respectively, and continues to improve the effectiveness of these functional committees.
5. The Company's website and the Market Observation Post System disclose relevant information on the Company's compliance with related regulations and major resolutions of the Board of Directors to help shareholders understand the Company's development and enhance the transparency of the Company's information.
6. The Company organizes 6 hours of directors training sessions each year and assists directors to participate in external corporate governance courses.

Below details the continued training sessions attended by the Company's Directors in 2023:

Title	Name	Date of Course	Sponsor	Course Title	Training Hours
Chairman	Wu, Yi-Gui	2023/07/05	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3
		2023/10/13	Securities & Futures Institute	Supervision of Companies by Directors in Implementing Effective Corporate Risk Management and Crisis Handling	3
Director	Hsu, Shan-Ko	2023/07/05	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3
		2023/10/26	Taiwan Corporate Governance Association	Development and Implications of the International Carbon Border Adjustment Mechanism	3
		2023/10/26	Taiwan Corporate Governance Association	Geopolitical Risks, Regional Economic Resilience, and the Struggle between Various Strategic Policies	1.5
Director	Cheng, Hui-Ming	2023/07/18	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Seminar	3
		2023/07/24	Taipei Foundation of Finance	Technological Development and Business Opportunities of the ChatGPT Chatbot	3
Director and President	Wu, Wen-Hao	2023/07/05	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3



Title	Name	Date of Course	Sponsor	Course Title	Training Hours
		2023/10/13	Securities & Futures Institute	Supervision of Companies by Directors in Implementing Effective Corporate Risk Management and Crisis Handling	3
Director	Wu, Hsien-Tsung	2023/07/05	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3
		2023/07/18	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Seminar	3
Director	Huang, Chun-Hui	2023/07/05	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3
		2023/10/13	Securities & Futures Institute	Supervision of Companies by Directors in Implementing Effective Corporate Risk Management and Crisis Handling	3
Independent Director	Chang, Lee-Chiou	2023/08/11	Taiwan Corporate Governance Association	How the Board of Directors Oversees ESG (Environmental, Social, and Governance) Risks to Build Corporate Sustainability Competitiveness	3
		2023/11/14	Securities & Futures Institute	Supervision by Directors in Implementing Effective Corporate Risk Management and Crisis Handling	3
Independent Director	Chen, Piao-Chun	2023/07/05	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3

Title	Name	Date of Course	Sponsor	Course Title	Training Hours
		2023/10/13	Securities & Futures Institute	Supervision of Companies by Directors in Implementing Effective Corporate Risk Management and Crisis Handling	3
Independent Director	Lin, Shun-Tian	2023/07/05	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3
		2023/10/13	Securities & Futures Institute	Supervision of Companies by Directors in Implementing Effective Corporate Risk Management and Crisis Handling	3

※ In 2023, during the director's re-election, all directors complied with the requirements outlined in Article 14, paragraph 3 of the Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEx Listed Companies, and the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. The Company has also completed the relevant information disclosure.

(II) The state of operations of the audit committee or the state of participation in board meetings by the supervisors:

1. Operation of the Audit Committee:

- (1) The Audit Committee is composed of three independent directors, namely, Chang, Lee-Chiou, Chen, Piao-Chun and Lin, Shun-Tian, and held 5 meetings in 2023 with 100% of the members attending in person. The terms of reference of the Audit Committee and the highlights of its work and operation in FY2023 are as follows:

Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act

- ◆ Assessment of the effectiveness of the internal control system



- ◆ Pursuant to Article 36-1 of the Securities and Exchange Act, formulate or revise procedures for major financial business actions including the acquisition or disposal of assets, engaging in derivative trading, loaning of funds to others, making endorsement or guarantees for others
  - ◆ Matters concerning the personal interests of Directors
  - ◆ Significant asset or derivative transactions.
  - ◆ Significant loans, endorsements or guarantees of funds.
  - ◆ The offering, issuance, or private placement of equity-type securities
  - ◆ Appointment, dismissal and compensation of CPAs.
  - ◆ Appointment and dismissal of finance manager, accounting manager, and head of internal audit
  - ◆ Review the annual financial report signed or stamped with the seal of the Chairman, managerial officer, and chief accounting officer.
  - ◆ Accept and deal with whistle-blowing cases in accordance with the functions listed in this article
  - ◆ Other material matters as may be required by the Company or by the competent authority
- Review financial statements:

The Company's 2023 Business Report prepared by the Board of Directors, the Financial Report audited and certified by CPAs Chang, Cheng-Hsiu and Chiu, Cheng-Chun of Deloitte, Taiwan (including the consolidated financial statements and the parent company only financial statements), and the proposal for deficit compensation, have been reviewed by the Audit Committee who found them to be compliant with regulations.

## ■ Appointment of CPAs

The Audit Committee is held responsible for supervising the independence and competence of the CPA to ensure the integrity of financial statement. In order to ensure the independence and competence of CPAs, the Company makes reference to Section 47 of the Certified Accountants Act and Bulletin No.10 of the Code of Ethics for CPAs, and the audit quality indicators prescribed by the Financial Supervisory Commission (FSC). The criteria were also compared with information from peers in the accounting profession.

The Company reviewed the independence evaluation of the CPAs Wu, Shih-Tsung and Chiu, Cheng-Chun on the 15th meeting of the 3rd term of Audit Committee and the 17th meeting of the 11th term of Board of Directors on March 2, 2023. In accordance with the rotation system for certified public accounts of Deloitte & Touche, the Company reviewed the independence evaluation of the CPAs Chang, Cheng-Hsiu and Chiu, Cheng-Chun on the 1st meeting of the 4rd term of Audit Committee and the 2ed meeting of the 12th term of Board of Directors on July 31, 2023 and found them in line with the independence and competence evaluation standards and eligible to serve as the Company's CPAs for 2023.

- (2) A total of 5 meetings (A) were held by the Audit Committee in the most recent fiscal year (2023). The attendance of Independent Directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note 1, Note 2)	Remark
Independent Director	Chang, Lee-Chiou	5	0	100	Reappointed (Reelected on 5/26/2023)
Independent Director	Chen, Piao-Chun	5	0	100	Reappointed (Reelected on 5/26/2023)
Independent Director	Lin, Shun-Tian	5	0	100	Reappointed (Reelected on 5/26/2023)

Note 1: If any independent director left office before the end of the fiscal year, specify the





date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

Note 2: If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.

(I) Any matter under Article 14-5 of the Securities and Exchange Act:

Audit Committee	Proposal and Follow-up Actions	Items specified in Article 14-5 of the Securities and Exchange Act	RESOLUTIONS NOT APPROVED BY THE AUDIT COMMITTEE BUT APPROVED BY 2/3 OF ALL DIRECTORS
May 1, 2023 The 14th meeting of the 3rd term of Audit Committee	1. Proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.	Yes	None
	2. Proposal to provide endorsement and guarantee to Acme Electronics (Guangzhou) Co., Ltd., a subsidiary of the Company.	Yes	None
	Resolution result of the Audit Committee: All members of the audit committee agree to adopt and submit to the Board of Directors for resolution. The Company's actions in response to the opinions of the Audit Committee: Except for the withdrawal of interested directors, other present directors agree to pass.		
March 2, 2023 The 15th meeting of the 3rd term of Audit Committee	1. Proposal to prepare the 2022 Account Book for discussion.	Yes	None
	2. Proposal to recommend the 2022 the proposal for deficit compensation for discussion.	Yes	None
	3. Proposal to evaluate the independence and competence of the appointed CPAs in 2023 for discussion.	Yes	None

Audit Committee	Proposal and Follow-up Actions	Items specified in Article 14-5 of the Securities and Exchange Act	RESOLUTIONS NOT APPROVED BY THE AUDIT COMMITTEE BUT APPROVED BY 2/3 OF ALL DIRECTORS
	4. Proposal to appoint CPAs for 2023.	Yes	None
	5. Proposal to draft for the “Audit Committee’s Pre-approval Procedures for Non-assurance Services Provided by CPAs” for discussion.	Yes	None
	6. Proposal to issue the 2022 Statement on Internal Control Systems for discussion.	Yes	None
	Resolution result of the Audit Committee: All members of the audit committee agree to adopt and submit to the Board of Directors for resolution. The Company’s actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
May 2, 2023 The 16th meeting of the 3rd term of Audit Committee	1. Proposal to prepare the 1Q2023 consolidated financial statements for discussion.	Yes	None
	2. Proposal to amend the Company’s internal control system for discussion.	Yes	None
	Resolution result of the Audit Committee: All members of the audit committee agree to adopt and submit to the Board of Directors for resolution. The Company’s actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
July 31, 2023 The 1st meeting of the 4th term of Audit Committee	1. Proposal to prepare the 2Q2023 consolidated financial statements for discussion.	Yes	None
	2. Proposal to change the certified public accountant for discussion.	Yes	None
	Resolution result of the Audit Committee: All members of the audit committee agree to adopt and submit to the Board of Directors for resolution. The Company’s actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
November 2, 2023 The 2nd meeting of the 4th term of Audit Committee	1. Proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.	Yes	None
	2. Proposal to establish a new company in Malaysia for the production and sales of silicon carbide for discussion.	Yes	None
	3. Proposal to prepare the 3Q2023 consolidated financial statements for discussion.	Yes	None
	4. Proposal on remuneration for CPAs of the Company for 2023 for discussion.	Yes	None
	5. Proposal to formulate the 2024 Internal Audit Plan for discussion.	Yes	None



Audit Committee	Proposal and Follow-up Actions	Items specified in Article 14-5 of the Securities and Exchange Act	RESOLUTIONS NOT APPROVED BY THE AUDIT COMMITTEE BUT APPROVED BY 2/3 OF ALL DIRECTORS
	6. Proposal to amend the Regulations on Financial Transactions between Related Parties, Specific Companies, and Corporate Groups for discussion.	Yes	None
	Resolution result of the Audit Committee: All members of the audit committee agree to adopt and submit to the Board of Directors for resolution. The Company's actions in response to the opinions of the Audit Committee: Except for the withdrawal of interested directors, other present directors agree to pass.		

- (II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.
- II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.
- III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)
- (1) CPAs compile information on the audit of the Company's consolidated financial statements (annual financial statements including parent company only financial statements) and review of governance-related matters and report them to and communicate with the Audit Committee in accordance with the Auditing Standards Bulletin No. 39 - "Communication with Audited Governance Units" and the letter Tai Tsai Cheng 6 No. 0930105373 issued by Securities and Futures Bureau on March 11, 2004, or convene a symposium report and communication at least once a year without the presence

of general directors and management; Ad hoc meetings may be convened in the event of major anomalies. Both the Company's Audit Committee and CPAs have maintained good communications.

Summary of communication between the Audit Committee and CPAs in 2023:

Date	Key points of communication	Recommendations and Results
March 2, 2023 The 15th meeting of the 3rd term of Audit Committee	CPAs reported the status of audit of the Company's 2022 Financial Statements, as well as discussed and responded to questions raised by members of the Audit Committee.	No objections
July 31, 2023 The 1st meeting of the 4th term of Audit Committee	1. The implementation of the review of the consolidated financial statements of 2Q2023 by the CPAs. 2. Explanation of the regulations regarding accountant rotation and the introduction of newly appointed accountants.	No objections
November 2, 2023 A meeting without general directors and management	The implementation of the review of the consolidated financial statements of 3Q2023 by the CPAs, as well as the report of audit plan and key audit matters of the statements for 2023.	No objections

- (2) In addition to the internal audit department sending the audit report to the independent directors for review on a monthly basis, chief internal audit officer also reports to the independent directors quarterly on the audit findings by the Audit Committee, and reports and communicates with the independent director. In addition to the internal audit department sending the audit report to the independent directors for review on a monthly basis, chief internal audit officer also reports to the In addition to the internal audit department sending the audit report to the independent directors for review on a monthly basis, chief internal audit officer also reports to the In addition to the internal audit department sending the audit report to the independent directors for review on a monthly basis, chief internal audit officer also reports to the In addition to the internal audit department sending the audit report to the independent directors for review on a monthly basis, chief internal audit officer also reports to the In addition to the



internal audit department sending the audit report to the independent directors for review on a monthly basis, chief internal audit officer also reports to the In addition to the internal audit department sending the audit report to the independent directors for review on a monthly basis, chief internal audit officer also reports to the hoc meetings may be convened in the event of major anomalies. Both the Company's Audit Committee and chief internal audit officer have maintained good communications.

Summary of communications between the Audit Committee and the Head of Internal Audit in 2023:

Date	Key points of communication	Recommendations and Results
January 5, 2023 The 14th meeting of the 3rd term of Audit Committee	Audit execution report from November to December 2022.	No objections
March 2, 2023 The 15th meeting of the 3rd term of Audit Committee	1. Audit execution report from January to February 2023. 2. Approve the issuance of the 2022 Statement on Internal Control System	No objections
May 2, 2023 The 16th meeting of the 3rd term of Audit Committee	1. Audit execution report from March to April 2023. 2. Approved the amendment to the internal control system.	No objections
July 31, 2023 The 1st meeting of the 4th term of Audit Committee	Audit execution report from May to July 2023.	Independent director Chang, Lee-Chiou suggests: There are relatively more audit deficiencies in this report. The audit unit should effectively track the improvement progress.
November 2, 2023 A meeting without general directors and management	1. Audit execution report from August to October 2023. 2. The 2024 internal audit annual plan report	No objections

## 2. Participation of supervisors in the operations of the Board of Directors (N/A)

The supervisor was dismissed after the Audit Committee was

established by the general shareholders' meeting on June 6, 2014.

Title	Name	No. of meetings attended (B)	Actual attendance rate (%) (B/A) (Note)	Remark
Not applicable				
Other information required to be disclosed:				
I. Composition and duties of the supervisors:				
(I) Communication between the supervisors and company employees and shareholders (e.g., the channels and methods of communication):				
(II) Communication between the supervisors and the chief internal audit officer and the CPAs that serve as external auditor (including matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.):				
II. If any supervisor has expressed an opinion at a board meeting, specify the specify the board meeting date, meeting session number, content of the motion, the outcome of the resolution by the board, and the measures taken by the Company based on the opinion expressed by the supervisor:				

Note: \* If any supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of meetings they attended in person during the period they were in office.

\* If any by-election for supervisors was held before the end of the fiscal year, the names of the new and old supervisors should be filled in the table, with a note stating whether the supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of meetings attended in person during the period of each such supervisor's actual time in office.

(III) Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons.

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established its “Corporate Governance Best Practice Principles” and complied with the “Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies” to promote the implementation of corporate governance and discloses such information on its own website	No significant deviations
II. Shareholding Structure and Shareholders’ Rights				
(I) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		The Company has a dedicated person to deal with shareholders’ suggestions or disputes.	No significant deviations
(II) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		The Company has been maintaining contact with its major shareholders and persons who have ultimate control over the major shareholders.	No significant deviations
(III) Has the Company built and implemented a risk management system and a firewall between the	V		The Company has established the “Regulations Governing the Supervision of Subsidiaries” to control the operation of affiliated companies.	No significant deviations



Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
<p>Company and its affiliates?</p> <p>(IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?</p>	V		<p>The Company has established the “Procedures for Handling Material Internal Information” and the “Procedures and Guidelines for Integrity Management” to prohibit insiders from trading marketable securities using non-public information in the market.</p>	No significant deviations
<p>III. Composition and responsibilities of the board of directors</p> <p>(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p>	V		<p>I. Board diversity policy</p> <p>According to Article 20 of the Company’s “Corporate Governance Best Practice Principles”, diversity shall be considered in the composition of the Company’s Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <p>(I) Ability to make sound business judgments.</p> <p>(II) Ability to perform accounting and financial analysis.</p> <p>(III) Ability to manage a business.</p> <p>(IV) Ability to handle crisis management.</p> <p>(V) Knowledge of the industry.</p> <p>(VI) An international market perspective.</p> <p>(VII) Leadership skills.</p> <p>(VIII) Decision-making ability.</p> <p>In addition to the eight competencies above, the Company has added two professional abilities, namely legal capability</p>	No significant deviations



Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			<p>and environmental protection for the diversification of the Board members by taking into consideration the growing importance of global issues concerning corporate governance and environmental protection at present. At present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection.</p> <p>II. Specific Management Objectives for Diversity of Board Members</p> <p>The objective of diversifying the board members is to appoint a female director in order to meet the goals of gender diversity. In addition, in response to the global trend of placing greater emphasis on corporate sustainability development, the company intends to appoint directors with expertise in relevant fields. This will enhance the company's sustainable competitiveness and improve the effectiveness of the board of directors..</p> <p>III. Implementation of diversification of board members</p> <p>For details on the diversity of Board members, refer to the table below:</p>	



Evaluation item	Implementation status (Note)											Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons		
	Yes	No	Summary Description											
			Director Name	Gender	Core item of diversification								Environmental protection	
					Operating judgment	Accounting and finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision-making ability		Legal
			Wu, Yi-Gui	Male	V	V	V	V	V	V	V	V		
			Hsu, Shan-Ko	Male	V	V	V	V			V	V		
			Cheng, Hui-Ming	Male	V	V	V	V			V	V		V
			Wu, Wen-Hao	Male	V	V	V	V	V	V	V	V	V	V
			Wu, Hsien-Tsung	Male	V	V	V	V	V	V	V	V	V	V
			Huang, Chun-Hui	Male	V		V	V	V		V	V		
			Chang, Lee-Chiou	Male	V	V	V	V			V	V		
			Chen, Piao-Chun	Male	V	V	V	V			V	V		
			Lin, Shun-Tian	Male	V		V	V	V	V		V		V
			※ The Company's Directors with employee status accounted for 22%. 33% of Directors are Independent Directors.											
			※ 5 directors are over 70 years old, 3 between 60 and 69 years old, and 1 under 60 years old.											
			※ Reasons for the ongoing nomination of independent directors who have completed three terms are as follows:											
1. Mr. Chang, Lee-Chiou possesses extensive practical experience and expertise in finance and corporate management. Although he has served three consecutive														

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		<p>terms as an independent director of the Company, he consistently demonstrates independent professional judgment and offers constructive advice in both the Audit Committee and the Board of Directors. His contributions are invaluable to the Company's financial planning and risk management. Therefore, he was nominated for re-election as a candidate for independent director in 2023.</p> <p>2. Mr. Chen, Piao-Chun has rich practical experience and expertise in industries such as technology, telecommunications, and microelectronics. Despite serving three consecutive terms as an independent director of the Company, he consistently demonstrates independent professional judgment and offers constructive advice in both the Audit Committee and the Board of Directors. His contributions are invaluable to the Company's transformation and development. Therefore, he was nominated for re-election as a candidate for independent director in 2023.</p> <p>The Company has established a Remuneration committee and an Audit Committee and exercises its authority in accordance with its Remuneration Committee Charter and Audit Committee Charter with favorable performance. The Company voluntarily established a Sustainability Development Committee that operates smoothly in accordance with the "Organizational Procedures for the Sustainable Development Committee" and exercises its duties.</p>	No significant deviations



Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons								
	Yes	No	Summary Description									
(III) Has the Company established rules and methodology for ‘evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		<div>I. The performance evaluation of the overall Board of Directors and individual board members<ol style="list-style-type: none"><li>1. The Company evaluates the performance of the overall Board of Directors and individual board members at the end of each year in accordance with the Performance Evaluation Measures of the Board of Directors amended and adopted by the Board in November 2019.</li><li>2. The performance evaluation of the overall Board of Directors and individual board members is carried out by the Board Secretary’s Office in the form of internal self-evaluation. The results of performance assessments are used as basis for the Company’s review and improvement and as reference in determining remuneration for individual Directors, their nomination and additional office term.</li><li>3. The Company completed the performance evaluation in January 2024 for the evaluation period from January 1 to December 31, 2023. The evaluation results are summarized as follows:<div>(1) Performance of the Board of Directors<table><tr><th>Performance aspect</th><th>Score (Note)</th><th>Evaluation results and additional explanation:</th></tr><tr><td>Degree of participation in company operations</td><td>4.67</td><td rowspan="2">1. The evaluation result of the Board of Directors shows that the average scores of the five major dimensions are all above 4.6 points, an embodiment of a good evaluation result. 2. In recent years, the international</td></tr><tr><td>Improving the quality of board decisions</td><td>5</td></tr></table></div></li></ol></div>	Performance aspect	Score (Note)	Evaluation results and additional explanation:	Degree of participation in company operations	4.67	1. The evaluation result of the Board of Directors shows that the average scores of the five major dimensions are all above 4.6 points, an embodiment of a good evaluation result. 2. In recent years, the international	Improving the quality of board decisions	5	No significant deviations
Performance aspect	Score (Note)	Evaluation results and additional explanation:										
Degree of participation in company operations	4.67	1. The evaluation result of the Board of Directors shows that the average scores of the five major dimensions are all above 4.6 points, an embodiment of a good evaluation result. 2. In recent years, the international										
Improving the quality of board decisions	5											

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons							
	Yes	No	Summary Description								
			<table><tr><td>Composition and structure of the Board of Directors</td><td>5</td><td rowspan="3">situation has remained turbulent, with conflicts such as the Russia-Ukraine war and the Israel-Palestine Conflict, significant fluctuations in energy prices, and global inflation and interest rate hikes. These factors have weakened consumer purchasing power and impacted the global economic landscape, affecting the Company's operations. Furthermore, in response to the operational risks arising from changes in energy and carbon-related policies and regulations, the Company will continue to implement carbon reduction targets and plan green energy initiatives to achieve its sustainable development goals. The Board of Directors and the management should continuously monitor the various challenges mentioned above and supervise the Company's progress towards the right operational direction.</td></tr><tr><td>Election and continuing education of directors</td><td>4.60</td></tr><tr><td>Internal control</td><td>5</td></tr></table>	Composition and structure of the Board of Directors	5	situation has remained turbulent, with conflicts such as the Russia-Ukraine war and the Israel-Palestine Conflict, significant fluctuations in energy prices, and global inflation and interest rate hikes. These factors have weakened consumer purchasing power and impacted the global economic landscape, affecting the Company's operations. Furthermore, in response to the operational risks arising from changes in energy and carbon-related policies and regulations, the Company will continue to implement carbon reduction targets and plan green energy initiatives to achieve its sustainable development goals. The Board of Directors and the management should continuously monitor the various challenges mentioned above and supervise the Company's progress towards the right operational direction.	Election and continuing education of directors	4.60	Internal control	5	
Composition and structure of the Board of Directors	5	situation has remained turbulent, with conflicts such as the Russia-Ukraine war and the Israel-Palestine Conflict, significant fluctuations in energy prices, and global inflation and interest rate hikes. These factors have weakened consumer purchasing power and impacted the global economic landscape, affecting the Company's operations. Furthermore, in response to the operational risks arising from changes in energy and carbon-related policies and regulations, the Company will continue to implement carbon reduction targets and plan green energy initiatives to achieve its sustainable development goals. The Board of Directors and the management should continuously monitor the various challenges mentioned above and supervise the Company's progress towards the right operational direction.									
Election and continuing education of directors	4.60										
Internal control	5										



Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons																
	Yes	No	Summary Description																	
			<p>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.</p> <p>(2) Performance of individual director</p> <table><tr><th>Performance aspect</th><th>Score (Note)</th><th>Evaluation results and director suggestions</th></tr><tr><td>Mastery of the Company’s goals and tasks</td><td>4.74</td><td rowspan="6">The directors’ self-evaluation result shows that the average scores of the five major dimensions are all above 4.5 points, an embodiment of a good evaluation result.</td></tr><tr><td>Recognition of directors’ responsibilities</td><td>4.89</td></tr><tr><td>Degree of participation in company operations</td><td>4.59</td></tr><tr><td>Management and communication of the internal relations</td><td>4.67</td></tr><tr><td>Expertise and continuing education of the Directors</td><td>4.78</td></tr><tr><td>Internal control</td><td>4.74</td></tr></table> <p>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points.</p> <p>4. The results of the performance evaluation of the overall Board of Directors and individual director members will be reported to the board in 1Q2024.</p> <p>II. Performance evaluation of the Audit Committee and the Remuneration Committee</p>	Performance aspect	Score (Note)	Evaluation results and director suggestions	Mastery of the Company’s goals and tasks	4.74	The directors’ self-evaluation result shows that the average scores of the five major dimensions are all above 4.5 points, an embodiment of a good evaluation result.	Recognition of directors’ responsibilities	4.89	Degree of participation in company operations	4.59	Management and communication of the internal relations	4.67	Expertise and continuing education of the Directors	4.78	Internal control	4.74	
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Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons														
	Yes	No	Summary Description															
			<div>1. The Company completed the performance evaluation in January 2024 for the evaluation period from January 1 to December 31, 2023. The evaluation results are summarized as follows: (1) Performance of the Audit Committee</div> <table><tr><th>Performance aspect</th><th>Score (Note)</th><th>Evaluation Result</th></tr><tr><td>Degree of participation in company operations</td><td>4.75</td><td rowspan="5">The Audit Committee’s self-evaluation result shows that the average score of the five aspects is above 4.4, which is a good evaluation result.</td></tr><tr><td>Understanding of the Audit Committee’s duties</td><td>4.40</td></tr><tr><td>Improvement of the decision-making quality of the Audit Committee</td><td>4.71</td></tr><tr><td>Composition of the Audit Committee and selection of committee members</td><td>4.56</td></tr><tr><td>Internal control</td><td>4.56</td></tr></table> <div>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points. (2) Performance of the Remuneration Committee</div>	Performance aspect	Score (Note)	Evaluation Result	Degree of participation in company operations	4.75	The Audit Committee’s self-evaluation result shows that the average score of the five aspects is above 4.4, which is a good evaluation result.	Understanding of the Audit Committee’s duties	4.40	Improvement of the decision-making quality of the Audit Committee	4.71	Composition of the Audit Committee and selection of committee members	4.56	Internal control	4.56	
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Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons												
	Yes	No	Summary Description													
(IV) Does the Company regularly evaluate its external auditors' independence?	V		<table><thead><tr><th>Performance aspect</th><th>Score (Note)</th><th>Evaluation Result</th></tr></thead><tbody><tr><td>Degree of participation in company operations</td><td>4.75</td><td rowspan="4">The Audit Committee's self-evaluation result shows that the average score of the four aspects is above 4.4, which is a good evaluation result.</td></tr><tr><td>Understanding of the Remuneration Committee's roles and responsibilities</td><td>4.40</td></tr><tr><td>Improvement in the Remuneration Committee's decision-making quality</td><td>4.72</td></tr><tr><td>Composition and member selection of the Remuneration Committee</td><td>4.55</td></tr></tbody></table> <p>Note: Evaluation scores are on a scale of 0 to 5, with a maximum of 5 points</p> <p>2. The performance evaluation results of the functional committees were submitted to the Board of Directors in 1Q2024.</p> <p>The Audit Committee of the Company evaluates the independence and competency of its CPAs, requires the CPA audit member group providing the Declaration of Independence and the Audit Quality Indicators (AQIs), and evaluate according to the standards in the table below and the five dimensions of AQIs (including 13 indicators). It is confirmed that there is no</p>	Performance aspect	Score (Note)	Evaluation Result	Degree of participation in company operations	4.75	The Audit Committee's self-evaluation result shows that the average score of the four aspects is above 4.4, which is a good evaluation result.	Understanding of the Remuneration Committee's roles and responsibilities	4.40	Improvement in the Remuneration Committee's decision-making quality	4.72	Composition and member selection of the Remuneration Committee	4.55	No significant deviations
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Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons															
	Yes	No	Summary Description																
			<p>other financial interest and business relationship with the Company except for the audit fee, and that their family members do not violate the independence requirements, and by referring to the AQI index information, it is confirmed that the number of training hours of the CPAs and the CPA firm is better than the average level of the industry, and the turnover rate of the auditors above the management level (excluding the CPA) is lower than the average of the industry. In addition, they will introduce audit innovation tools, expand audit support center and introduce cloud audit platform to improve audit quality. The results of the latest annual assessment were discussed and approved by the Audit Committee on March 6, 2024, and were submitted to the Board of Directors for resolution on the independence and competency assessment of the CPAs on the same day.</p> <table> <tr> <th>Item</th> <th>Evaluation Result</th> <th>Independence of the CPAs</th> </tr> <tr> <td>1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>2. The CPA does not have significant financial interest in his/her trustor.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>3. The CPA avoids any inappropriate relationship with his/her trustor.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>4. The CPA should ensure that his/her assistants are honest, fair and independent.</td> <td>Yes</td> <td>Yes</td> </tr> </table>	Item	Evaluation Result	Independence of the CPAs	1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years.	Yes	Yes	2. The CPA does not have significant financial interest in his/her trustor.	Yes	Yes	3. The CPA avoids any inappropriate relationship with his/her trustor.	Yes	Yes	4. The CPA should ensure that his/her assistants are honest, fair and independent.	Yes	Yes	
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Evaluation item	Implementation status (Note)				Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons	
	Yes	No	Summary Description			
			5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.	Yes	Yes	
			6. The CPA may not permit others to practice under his/her name.	Yes	Yes	
			7. The CPA does not own any shares of the Company and its affiliated companies.	Yes	Yes	
			8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.	Yes	Yes	
			9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.	Yes	Yes	
			10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.	Yes	Yes	
			11. The CPA is not involved in the decision-making process of the Company and its affiliated companies.	Yes	Yes	
			12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.	Yes	Yes	
			13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company.	Yes	Yes	
			14. The CPA has not collected any commission related to his/her service.	Yes	Yes	

Evaluation item	Implementation status (Note)					Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description			
			15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence.	Yes	Yes	
IV. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>In order to safeguard the interests of the shareholders and strengthen the functions of the Board of Directors, the Company has appointed Chen, Yung-Chih, Head of Legal Division, as the Corporate Governance Officer, the top-level manager in charge of corporate governance, as approved by the Board of Directors on May 7, 2019. Mr. Chen, Yung-Chih has more than 20 years of experience as a practicing lawyer and nearly 10 years as the manager of the legal affairs unit of a listed company. His main duties include related affairs of board meetings and shareholders’ meetings, production of meeting minutes for board meetings and shareholders’ meetings, assisting Directors in taking office and continuing education, providing data required by Directors to perform their duties, assisting Directors in legal compliance, reporting the examination results of independent directors’ qualifications to the Board of Directors during nomination, appointment, and tenure, and managing matters related to changes in the Board of Directors.</p> <p>Key points for business execution in 2023:</p> <p>1. Assisted Directors in performing their duties, provide the necessary information, arrange continuing education for Directors, and process liability insurance.</p>			No significant deviations



Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			<p>(1) Compile the latest laws and regulations related to the business areas and corporate governance of the Company, put them forward at the Board of Directors meeting for discussion, and keep members of the Board informed accordingly from time to time.</p> <p>(2) Assist Directors, upon request, in understanding the regulations to be complied with in the execution of their duties.</p> <p>(3) Provide corporate information required by the Directors and assist them with communication and interaction with supervisors in various business categories.</p> <p>(4) Assist Independent Directors in arranging meetings with the chief internal auditor or CPAs to understand the financial and business needs of the Company.</p> <p>(5) Assist the Company in arranging at least 6 hours of continuing education courses for members of the Board of Directors.</p> <p>(6) Verify that the Company has purchased the “liability insurance for Directors and key persons” for members of the Board of Directors and reported to the Board of Directors.</p> <p>2. Handle matters related to the proceedings of Board of Directors’ meetings and shareholders’ meetings and confirmed compliance matters of resolutions.</p>	

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			<p>(1) Prepare notice and agenda of Board of Directors meetings in accordance with laws; where Directors have to recuse themselves from the agenda items, they shall be reminded beforehand; the minutes shall be prepared within the statutory time limit.</p> <p>(2) Register the date of the shareholders' meeting in advance according to the law and prepare the meeting notice, handbook, and meeting minutes within the statutory time limit.</p> <p>(3) Confirm that the convening of the Board of Directors meetings and shareholders' meetings, procedures for resolutions, and minutes of the said meetings are in compliance with relevant laws and regulations and the Corporate Governance Best Practice Principles.</p> <p>(4) Change registration items.</p> <p>3. Confirm the qualifications of independent directors and handle matters related to changes in the Board of Directors:</p> <p>(1) Confirm that the qualifications of independent directors meet relevant laws and regulations during nomination, appointment, and tenure, and report the examination results to the Board of Directors.</p> <p>(2) Handle matters related to changes in the Board of Directors in accordance with the law.</p> <p>4. Maintain investor relations:</p>	



Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons										
	Yes	No	Summary Description											
			<p>The Company updates website information from time to time to keep investors abreast of the Company's financial, business, and corporate governance information and protect the interests of shareholders.</p> <p>Continuing education in 2023: According to Article 24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", TWSE-listed companies are required to arrange continuing professional education for its chief corporate governance officer.</p> <p>In addition to the minimum of 18 hours of training for the first-time corporate governance officer within one year from the date he/she assumes the position, he/she should have at least 12 hours of training per year.</p> <p>In 2023, Chen, Yung-Chih, Corporate Governance Officer of the Company, had completed 49 hours of continuing education classes. The contents of the classes are as follows:</p> <table border="1"> <thead> <tr> <th>Course Date</th><th>Sponsor</th><th>Course Title</th><th>Training Hours</th><th>Total Number of Hours of Continuing Education in the Year</th></tr> </thead> <tbody> <tr> <td>2023/2/9</td><td>Taiwan Institute for Sustainable Energy</td><td>The 31th TCCS Board Meeting and CEO Seminar</td><td>2</td><td>49</td></tr> </tbody> </table>	Course Date	Sponsor	Course Title	Training Hours	Total Number of Hours of Continuing Education in the Year	2023/2/9	Taiwan Institute for Sustainable Energy	The 31th TCCS Board Meeting and CEO Seminar	2	49	
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Evaluation item	Implementation status (Note)						Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description				
			2023/3/27	The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Resilience of Enterprises and Taiwan’s Competitiveness	3	
			2023/4/20	Taiwan Institute for Sustainable Energy	The 32th TCCS Board Meeting and CEO Seminar	2	
			2023/4/27	The Taiwan Stock Exchange Corporation	Promotion of the Sustainable Development Action Plans for TWSE- and TPEX- Listed Companies	3	
			2023/6/2	The Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Power Summit	3	
			2023/7/4	The Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6	
			2023/7/5	Securities & Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and	3	



Evaluation item	Implementation status (Note)					Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons	
	Yes	No	Summary Description				
					Cross-Strait Relations		
			2023/7/13	Taiwan Institute for Sustainable Energy	The 33th TCCS Board Meeting and CEO Seminar	2	
			2023/9/4	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum (TAICGOF)	6	
			2023/10/13	Securities & Futures Institute	Supervision of companies by directors in implementing effective corporate risk management and crisis handling	3	
			2023/10/20	Securities & Futures Institute	2023 Insider Trading Prevention Seminar	3	
			2023/10/26	Taiwan Institute for Sustainable Energy	The 34th TCCS Board Meeting and CEO Seminar	2	
			2023/11/13	Taiwan Institute for Sustainable Energy	Strategy, Leadership, and Sustainable Innovation of Exceptional CEOs	5	
			2023/11/15	Securities & Futures Institute	Promotion of the 2023 Equity Transfer by Insiders	3	



Evaluation item	Implementation status (Note)						Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons	
	Yes	No	Summary Description					
					of Listed Companies and Legal Compliance			
			2023/11/29	The Taiwan Stock Exchange Corporation	Carbon Market Embarks: A New Chapter for a Sustainable Future Summit	3		
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company's ESG website has a stakeholder zone, with communication channels for contact information.					No significant deviations
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?		V	The Company itself deals in its own share-related matters and handles issues related to shareholders' meetings in accordance with the law.					The Company handles its own shares-related affairs to ensure quality and efficiency.
VII. Information Disclosure (I) Has the Company established a	V		The Company has disclosed various business, financial, and					No significant



Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
<p>corporate website to disclose information regarding its financials, business, and corporate governance status?</p> <p>(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p>	V		<p>corporate governance information on the Market Observation Post System (MOPS) and the Company's website in accordance with regulations.</p> <p>The Company has appointed specific personnel in charge of the collection and disclosure of Company information and has implemented a spokesperson system.</p>	<p>deviations</p> <p>No significant deviations</p> <p>No significant deviations</p>
VIII.Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations,	V		(1) Continued training of Directors: The Company encourages continued training of directors by providing them with various continued training information, providing continued training courses from time to time, inviting directors to participate in corporate governance related courses, disclosing them in the annual report and uploading	No significant deviations

Evaluation item	Implementation status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?			<p>announcements to the MOPS.</p> <p>(2) Directors' attendance at board meetings: disclosed in the annual report and uploaded to the MOPS.</p> <p>(3) Implementation of risk management policies and risk measurement standards: The Company has formulated operating procedures and internal control systems, clearly stipulated the authorized limit, implemented internal audit to control risks, and disclosed them in the annual report.</p> <p>(4) Implementation of consumer protection or customer protection policies: The Company has a quality policy, which aims to improve the quality of products and services, and continues to work hard to improve customer satisfaction. The Company also maintains good relationships with suppliers based on the principles of good faith and mutual benefits. The Company attaches great importance to customers' expectations of product and service quality, and conducts customer satisfaction surveys twice a year on a regular basis to facilitate immediate understanding of customer needs.</p> <p>(5) Implementation of directors' avoidance of interest related proposals: The Company's directors adhere to the principle of high self-discipline and are not allowed to participate in voting on proposals listed by the Board of Directors if there is a risk of interest related harm to the Company's interests.</p>	



Evaluation item	Implementation status (Note)		Summary Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No		
			<p>(6) Purchasing insurance for Directors: the Company has purchased D&amp;O insurance for Directors and managerial officers, and announced relevant information on the MOPS.</p> <p>(7) Social responsibility: In addition to focusing on the business development of the Company, the Company has attached great importance on social responsibilities such as social welfare, and discloses it in the annual report.</p>	
<p>IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)</p> <p>Improvements made: None.</p> <p>Improvements made:</p> <p>(I) The Company has uploaded the English version of the meeting notice, procedure manual and supplementary materials of the meeting 30 days before the regular shareholders' meeting? (No. 1.9)</p> <p>(II) Minutes of the regular shareholders' meeting document important questions raised by shareholders and the Company's responses. (No. 1.18)</p> <p>(III) Upload uninterrupted audio and video recordings of the entire shareholders' meeting after the meeting. (No. 1.19)</p>				

Note: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.



(IV) If the company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed.

# 1. Composition and operation of the Remuneration Committee

## (1) Information on the members of the Remuneration Committee

Title (Note 1)	Qualifications	Professional Qualification and Experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Independent Director (Convener)	Chen, Piao-Chun	Now serving as the Chairman of Elitech Corporation, experienced in business operation and management.	There were no incidents mentioned in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” in the two years prior to and during his/her term of office.	0
Independent Director	Chang, Lee-Chiou	Now the Chairman of Panion & BF Biotech Inc. and Ho Tung Chemical Corp., and CEO of Sun Ten Group, having professional experience in corporate management and direct supervision of financial supervisor, accounting supervisor, etc.	There were no incidents mentioned in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” in the two years prior to and during his/her term of office.	2
Independent Director	Lin, Shun-Tian	PhD in materials science from American University and once served as a professor at National Taiwan University of Science and Technology, having the professional qualifications required for the Company’s business.	There were no incidents mentioned in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” in the two years prior to and during his/her term of office.	1

- Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. \_\_\_\_\_. For “Capacity,” please specify whether the member is an independent director or other (if the member is the convenor, please note that fact).
- Note 2: Qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.
- Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a “specified company” (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.
- Note 4: Regarding the method for disclosure, please refer to the “SAMPLE ANNUAL REPORT” page on the website of the Taiwan Stock Exchange Corporate Governance Center.

## (2) Responsibilities of the Remuneration Committee:

The Remuneration Committee shall exercise the care of a good administrator to faithfully fulfill the following functions and powers, and submit the recommendations to the Board of Directors for deliberation:

- a. Regularly review the Committee’s charter and propose recommendations to amend it when necessary.
- b. Establish and regularly review the performance evaluation of the Board and managers in conjunction with the remuneration policies, systems, standards, and structure.
- c. Regularly evaluate and determine the remuneration of the Company’s Directors and Managers.

## (3) Operational status of the Remuneration Committee



- a. The Company's Remuneration Committee consists of 3 members.
- b. The term of the current Remuneration Committee: June 6, 2023 to May 25, 2026. A total of 3 (A) Remuneration Committee meetings were held in the current year. The attendance of the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Note)	Remark
Convener	Chen, Piao-Chun	3	0	100%	Reappointed (Reelected on 6/6/2023)
Committee member	Chang, Lee-Chiou	3	0	100%	Reappointed (Reelected on 6/6/2023)
Committee member	Lin, Shun-Tian	3	0	100%	Reappointed (Reelected on 6/6/2023)

Other information required to be disclosed:

- I. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
- II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

Note 1: If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

Note 2: If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(4) Contents and subsequent handling of the proposal of the Remuneration Committee in the year 2023:

Remuneration Committee	Proposal and Follow-up Actions	Dissenting Opinions or Qualified Opinions of Members of the Remuneration Committee
The 9th meeting of the 4th term 2023.3.2	1. Proposal on the discussion of the 2022 special bonus for managerial officers of the Company.	None
	2. Reviewed the remuneration of the Directors and managerial officers and the performance evaluation system.	None
	Opinions of the Remuneration Committee: None.	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
The 1st meeting of the 5th term 2023.7.31	1. The Company's annual salary adjustments.	None
	Opinions of the Remuneration Committee: None.	
	Remuneration Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.	
	The Company's actions in response to the opinions of members of the Remuneration Committee: The Company shall conduct relevant operations based on the resolution.	
The 2nd meeting of the 5th term 2023.11.2	1. Review of the "Remuneration Committee Charter".	None
	2. Establish the work plan of the Committee for 2024	None
	Opinions of the Remuneration Committee: None.	
	Remuneration Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.	
	The Company's actions in response to the opinions of members of the Remuneration Committee: The Company shall conduct relevant operations based on the resolution.	

2. Information on the membership and operation of the Nomination Committee: The Company has not established a Nomination Committee, so it is not applicable.



(V) Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
I. 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?	V		<p>The Company established the Corporate Social Responsibility Committee (later renamed as the ESG Committee) in 2015 to formulate ESG policies and review the effectiveness of their implementation. The Chairman of the Board serves as the chairman, and the President serves as the Vice Chairman. There are three work implementation groups, namely the Corporate Governance Group, the Environmental Protection Group and the Social Relations Group.</p> <p>The three working groups are composed of the heads of the relevant departments or their designated representatives, who are responsible for planning, collecting internal and external data, setting targets, etc., and jointly preparing and publishing annual sustainability reports according to their duties; the project secretary is responsible for coordinating the overall corporate sustainability policy and strategy planning, and tracking the progress of each group's action plan and performance improvement.</p> <p>The ESG Committee reported on the preparation of the 2021 ESG Report at the 15th meeting of the 11th term of the Board of Directors on November 1, 2022, describing the Company's achievements and efforts in corporate governance, environmental protection, employee care, and social participation, as well as the</p>	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>Company's communication and response to the concerns of stakeholders. On March 2, 2023, the progress of the compilation of the ESG Report for 2022 was submitted on the 17th meeting of the 11th term of the Board of Directors. The Board takes this opportunity to supervise the ESG affairs of the Company.</p> <p>2023.5.2The 11th Term 19th Board of Directors Meeting reported on the inventory and implementation of greenhouse gases.</p> <p>2023.11.2The 12th Term 3rd Board of Directors Meeting presented the 2022 Sustainability Report, Greenhouse Gas Inventory, and Assurance of Implementation.</p> <p>2024.3.5The 12th Term 4th Board of Directors Meeting presented the findings of the stakeholder consultation for 2023, which included stakeholder identification, key issues, communication channels, and response methods. Additionally, the meeting discussed the progress planning report for the company's 2023 sustainability report, as well as the inventory and implementation status of greenhouse gas emissions.</p>	
II. 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	V		To strengthen corporate governance, reduce possible operating risk and ensure the stable operation and sustainable development, the Company's Audit Committee and the Board of Directors passed the Risk Management Policy and Procedures in November 2020. The Risk Management Policy and Procedures consists of risk management policy, organization of risk management, risk management process, risk management	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
strategies? (Note 2)			<p>category and mechanism, effectively controlling the risks arising from business activities. The risk management operations are reported to the Audit Committee and the Board of Directors at least once a year.</p> <p>In order to effectively implement the risk management mechanism, the Company was jointly promoted by the board of directors, the Audit Committee, the persons responsible for the daily affairs of each risk management unit, the auditors, the risk management units and the subsidiaries to identify, measure and control risks according to the work scope of each risk management unit periodically in each year.</p> <p>The Company and its subsidiaries defined all kinds of risks in accordance with the Company's overall operation policy, and established a risk management mechanism for early identification, accurate measurement, effective supervision and strict control to prevent possible losses. It kept an eye on the development of international and domestic risk management systems to review and improve risk management policies accordingly. The Company constantly adjusted and improved the best risk management methods in response to changes in the internal and external environment, so as to enhance the effectiveness of the Company's risk management implementation and protect the interests of the Company and its employees, Shareholders and Stakeholders. The Company's risk management categories include "strategic and operational risks",</p>	



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			<p>“financial risks”, “raw material price and supply chain risks”, “occupational safety risks”, “information security risks”, “legal risks”, “human resources risks”, “research and development risks”, “climate change and environmental risks”, “accident risks”, “technology risks” and “other risks”.</p> <p>In accordance with the principle of ESG materiality, the Company integrates the main sources of business risks and considers the feasibility of practical operation to determine risk categories. The ESG Committee conducts a questionnaire survey on internal executives and external stakeholders every year, and identified 12 risks according to the possibility of risk occurrence and impact degree in 2023. Each risk management unit adjusts the control mechanism regularly according to the changes in the internal (external) operating environment.</p> <p>For detailed risk management, please refer to SEVEN - Review and Analysis of Financial Position and Financial Performance and Risk Matters / Six - Analysis and Assessment of Risk matters / (II) Risk Management Policy /13. Explanation of Risk Response to ESG Issue.</p>	
<p>III. Environmental issues</p> <p>(I) Has the Company set an environmental management system designed to industry characteristics?</p>	V		<p>(I)</p> <p>1. The company emphasizes a business approach that integrates with the natural environment, recognizing that corporate operations inevitably have an impact on the Earth's environment. As a result, the company has implemented</p>	<p>This is in line with the provisions of the Corporate Governance Best Practice Principles</p>

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>consistent standards and objectives across all operational sites to achieve a harmonious coexistence of the environment and the economy. Additionally, the company actively implements its environmental protection policy, aiming to contribute to the creation of a sustainable society.</p> <p>2. Our plants in Taoyuan, Guangzhou, and Kunshan have all implemented ISO 14001 environmental management systems. Additionally, the Taoyuan plant has implemented an ISO 50001 energy management system. These systems serve as a robust framework for environmental protection, enabling us to effectively control and minimize our environmental impact, prevent accidents that could harm the environment, and ensure compliance with regulations. In March 2024, we acquired Plant 4, which includes Taipei Headquarters, Taoyuan Plant, Guangzhou Plant, Kunshan Plant, and Malaysia Plant. In 2022, we obtained ISO14064-1 greenhouse gas verification, showcasing our dedication to consistently promoting sustainable development policies to achieve long-term business sustainability and growth.</p> <p>3. The Company has been developing and designing green products, and we have conducted product environmental verification in accordance with RoHS regulations to illustrate the importance of global environmental pollution prevention. In order to comply with the EU Restriction of Hazardous Substances (RoHS), which was fully implemented in July 2006,</p>	for TWSE/TPEX Listed Companies.



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		<p>we purchased XRF inspection equipment to confirm compliance with the environmental regulations.</p> <p>Our Taoyuan Plant passed ISO 14001 certification on January 2, 2006 and the latest version of the certification is valid from November 15, 2023 to November 14, 2026.</p> <p>Our Taoyuan Plant passed ISO 50001 certification on November 26, 2021 and the latest version of the certification is valid from November 26, 2021 to November 25, 2024.</p> <p>Our Taoyuan Plant obtained BSI certification for the ISO 14064-1 2022 Greenhouse Gas Inventory Management System on November 3, 2023. The Guangzhou Plant and Kunshan Plant obtained ISO14064-1 2022 Greenhouse Gas Inventory certification from BSI on June 9, 2023 and July 14, 2023, respectively. The Malaysian Plant obtained ISO 14064-1 2022 Greenhouse Gas Inventory certification from CUCG on March 4, 2024.</p> <p>(II) 1. The Company's operational activities are primarily based on the concept of QCDS (Quality, Cost, Delivery, Service). Since the emergence of environmental issues, the original concept has evolved into the "QCDS+E(Environment)" model to align with the increasing environmental awareness. We believe that environmental protection activities should be closely integrated with business operations, rather than being separate entities.</p>	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>Therefore, environmental management is based on this fundamental concept, considering the environment as an important aspect of product quality and implementing it thoroughly.</p> <p>2. The production process of our company is guided by environmental protection. From research and development and raw material procurement to product production, transportation, use, recycling, and reuse, every link in our products' "life cycle" is closely related to environmental protection issues.</p> <p>3. Actively promote waste reduction and recycling measures and utilize proposal incentives to improve resource management performance. The primary objective is to achieve a waste recycling rate of over 99% by focusing on resource circulation. Achieved a waste recycling rate of over 98% in 2023.</p> <p>4. The iron oxide used by the Company is partly recycled material from steel mills, and dust collection equipment is installed in the process to collect the dust collected during the process and put it back into use, so as to achieve the spirit of recycling and reuse of resources. Production decreased in 2023, with the amount of dust collected decreasing by 689.55 tons compared to 2022, reaching 922.55 tons. The ratio of dust collection to production decreased from 15% in 2022 to 13%. All of our company's raw materials comply with the DRC Conflict-Free standard. We do not use minerals from Congo mines that the United Nations Security Council considers non-compliant with the conflict-free standard.</p>	



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(III) 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?	V		<p>(III)</p> <p>1. In order to tackle the escalating global climate change, our company remains committed to implementing the TCFD framework. This framework allows us to enhance our comprehension of the potential risk factors associated with extreme weather conditions and enables us to identify emerging business prospects. Based on the Taiwan Climate Change Projection and Adaptation Knowledge Platform (TCCIP) and the National Disaster Prevention and Rescue Technology Center, the temperature rise, rainfall, flooding, and drought were estimated from 2016 to 2035 under the RCP 8.5 scenario. Three physical risk issues were identified. Furthermore, considering the group's strategy, industry characteristics, national self-determined contributions (INDC), and TCFD indicators, 24 potential risk and opportunity issues were listed, including nine transformation risk issues and twelve opportunity issues.</p> <p>2. In 2023, a questionnaire survey was conducted on the ESG Committee and senior executives to evaluate the significance of different risks to the company's operations, their potential impact on time, and the feasibility of various opportunities. A total of 13 questionnaires were collected, and after statistical analysis by the team, 12 significant climate issues were identified (1 physical risk item, 5 transformation risk items, and 6 opportunity items).</p> <p>3. The company has evaluated the potential financial effects and developed strategies and management mechanisms for 12 significant risk and opportunity factors. Its objective is to comprehend the potential impacts of climate change on various</p>	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons										
	Yes	No	Summary Description											
			<p>aspects and mitigate the operational consequences of extreme weather conditions. The company is dedicated to establishing a resilient culture regarding climate change. Potential financial impact and response measures of risk and opportunity projects.</p> <table border="1"> <thead> <tr> <th>Climate Change Issue</th><th>Type of Issue</th><th>Explanation of Risks and Opportunities</th><th>Potential Financial Impact</th><th>Company Strategy and Response Measures</th></tr> </thead> <tbody> <tr> <td>High temperature</td><td>Physical Risk/ Chronic</td><td>           1. Based on the projected global temperature rise of 4°C (RCP8.5) in the near future (2016-2035), the outdoor temperature is expected to increase rapidly. The highest temperature in summer (June-August) is estimated to reach 37.5°C.            2. The high temperature has impacted the production process and the cooling capacity of air         </td><td><b>Increase in operating costs</b></td><td>           1. Replace outdated and energy-consuming refrigeration equipment with high-efficiency and energy-saving models            2. The Taoyuan Plant obtained certification for implementing ISO 50001 energy management system verification in 2021            3. Installing a rooftop solar power system in the plant can lower the roof temperature and reduce the operating cost of air conditioning            4. USI Group has developed an environmentally         </td></tr> </tbody> </table>	Climate Change Issue	Type of Issue	Explanation of Risks and Opportunities	Potential Financial Impact	Company Strategy and Response Measures	High temperature	Physical Risk/ Chronic	1. Based on the projected global temperature rise of 4°C (RCP8.5) in the near future (2016-2035), the outdoor temperature is expected to increase rapidly. The highest temperature in summer (June-August) is estimated to reach 37.5°C. 2. The high temperature has impacted the production process and the cooling capacity of air	<b>Increase in operating costs</b>	1. Replace outdated and energy-consuming refrigeration equipment with high-efficiency and energy-saving models 2. The Taoyuan Plant obtained certification for implementing ISO 50001 energy management system verification in 2021 3. Installing a rooftop solar power system in the plant can lower the roof temperature and reduce the operating cost of air conditioning 4. USI Group has developed an environmentally	
Climate Change Issue	Type of Issue	Explanation of Risks and Opportunities	Potential Financial Impact	Company Strategy and Response Measures										
High temperature	Physical Risk/ Chronic	1. Based on the projected global temperature rise of 4°C (RCP8.5) in the near future (2016-2035), the outdoor temperature is expected to increase rapidly. The highest temperature in summer (June-August) is estimated to reach 37.5°C. 2. The high temperature has impacted the production process and the cooling capacity of air	<b>Increase in operating costs</b>	1. Replace outdated and energy-consuming refrigeration equipment with high-efficiency and energy-saving models 2. The Taoyuan Plant obtained certification for implementing ISO 50001 energy management system verification in 2021 3. Installing a rooftop solar power system in the plant can lower the roof temperature and reduce the operating cost of air conditioning 4. USI Group has developed an environmentally										



Item	Implementation status (Note 1)							Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description					
					conditioning equipment, resulting in a higher frequency of air conditioning and cooling equipment usage. As a result, electricity consumption has increased, and there is a greater water demand.		friendly water-based thermal insulation coating with a solar reflectance rate of 90%. This coating reduces buildings' heat absorption and lowers air conditioning's electricity consumption.	
			Govern-ment Regulation or Supervision - Water Fee Collection	Transfor-mation Risk / Policy and Law	The Ministry of Economic Affairs issued the "Water Consumption Fee Collection Measures" in January 2023. Under these measures, a "Water Consumption Fee" will be imposed per cubic meter on large water consumers whose monthly water usage exceeds 9,000 cubic meters during the dry season (January to April and November to December).	Increase in operating costs	Enhancing operational management and improving the wastewater recycling system will increase the amount of recycled water and reduce water consumption.	

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	Yes	No	Summary Description				
			Carbon fee	Transformation Risk / Policy and Law	The Ministry of Environment released the draft of the "Carbon Fee Charging Measures" in December 2023, with the intention of implementing carbon fees on carbon emitters whose annual emissions exceed 25,000 tons, beginning in 2025.	<b>High initial investment costs, low carbon emissions in the later stages, and reduced operating costs.</b>	1. Assessing the use of internal carbon pricing as a shadow price to incorporate carbon costs into investment evaluations enhances the implementation opportunities for carbon reduction projects. 2. Upgrading outdated equipment and continuously improving processes to enhance energy efficiency within the factory
			Renewable Energy Regulations-Risk of High Electricity Consumption	Transformation Risk / Policy and Law	The Ministry of Economic Affairs will implement the "Regulations for the Management of Renewable Energy Generation Facilities for Power Users with a Contract Capacity Above a Certain Threshold" in 2021. These regulations mandate that power users with a contract capacity exceeding	<b>Increase in capital expenditure and operating costs have both risen.</b>	1. The rooftop of our Taoyuan Plant has been equipped with a solar power installation capacity of 246.8kW. 2. USI Group, is actively searching for suitable locations to invest in green energy development projects. USI Green Energy.



Item	Implementation status (Note 1)						Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary Description					
					5,000 kW must install renewable energy facilities with a contract capacity of 10% by 2025.			
			Low Carbon Technology Transformation	Transformation Risk / Energy and Technology	The development of low-carbon technologies, such as energy transformation, efficiency improvement, and fuel substitution, has led to increased technical costs for businesses in order to reduce carbon emissions.	Higher capital expenditure and lower operating costs	To Promote reduction measures and invest in energy-saving equipment (such as motors, etc.) or accomplishments in fuel substitution.	
			Rising Raw Material Prices	Transformation Risk / Market	Considering the future collection of carbon tax, the cost of raw materials will increase due to the addition of carbon emissions, leading to a price increase.	Increase in operating costs	To enhance the manufacturing process, and recycling and reuse.	
			Efficient Production	Opportunity for Resource Efficiency	Through the use of AI intelligent production, industrial motors, and automated packaging, overall production efficiency is enhanced and energy consumption is reduced.	Higher capital expenditure and lower operating costs	Introduction of an intelligent Kanban Management System for production line, equipment utilization, and energy consumption... etc., which real-time management is possible.	

Item	Implementation status (Note 1)						Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary Description					
			Recycling and Reuse in the Circular Economy	Opportunity for Resource Efficiency	According to the three principles of the circular economy (3R): reduction, reuse, and recycling. To reduce the cost of waste disposal or the amount of raw materials used.	Reduced operating costs	To enhance the manufacturing process, and recycling and reuse.	
			Reduce water usage and consumption.	Opportunity for Resource Efficiency	Water resources are essential in the manufacturing process. By reducing water leaks in factories and increasing the use of water recycling, operational costs can be reduced, and factory resilience can be improved.	The initial investment in water-saving technology is substantial.	RO Wastewater Recycling	
			Use of Low-Carbon Energy	Opportunity/Resilience, Energy Source	Promote the conversion from coal to gas, increase the use of renewable energy, reduce carbon costs, and lower the carbon footprint of our products.	Increase in operating expenses, decrease in operating costs	1. 1. Installation of Roof-Mounted Solar Power System. 2. 2.The Taoyuan Plant obtained certification for implementing ISO 50001 Energy Management System verification in 2021. 3. Ongoing process and equipment improvements.	



Item	Implementation status (Note 1)						Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary Description					
(IV) 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?	V		Utilizin g Public Sector Incentiv e Measur es	Opportu nity/Mar ket	By leveraging government incentive mechanisms, reducing input costs, adopting new technologies, and improving competitiveness.	<b>Increase in capital expenditure and operating costs have both risen.</b>	Have an energy efficiency of 80% with new high-efficiency air compressors. Additionally, apply for subsidies for power and public utility equipment.	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
			(IV) The company has established the Sustainable Development Committee under the Board of Directors as the highest authority for climate management. The committee, chaired by independent directors, is responsible for reviewing the company's climate change strategy and goals, managing climate change risks and opportunities, and monitoring implementation. It reports to the Board of Directors on an annual basis. The company employs the framework the Task Force on Climate-related Financial Disclosures (TCFD) provides to identify climate-related risks and opportunities. It evaluates risks and opportunities across various departments, assesses their financial impacts, and develops response plans. A thorough assessment is conducted every three years, with annual reviews and updates. USI Group established its own energy management goals in 2016, aligning with our country's energy development policies. It consistently monitors international trends and national					

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			<p>regulations, conducts thorough reviews, and evaluates both internal and external factors. After careful deliberation, USI Group has set a carbon reduction target of "a 27% decrease in carbon emissions compared to 2017" for 2030. Since 2018, the Group's nine domestic core production plants, including our company's Taoyuan plant, have been gradually implementing the ISO 50001 energy management system and have obtained certification. This system effectively manages energy performance and ensures the ongoing implementation of energy-saving and carbon reduction initiatives, aiming to make a positive impact and reduce environmental impact.</p> <p>The Company is dedicated to greenhouse gas management, focusing on energy conservation and carbon reduction. This commitment not only contributes to society but also helps reduce operating costs through improved energy efficiency. Our Taoyuan Plant is classified as a fixed pollution source, requiring declaration as per the Environmental Protection Agency's announcement. We submit regular quarterly reports and cooperate with government inspections. In 2022, we successfully obtained ISO-14064-1 Greenhouse Gas Inventory Certification. Guangzhou and Kunshan Plants obtained ISO-014064 Greenhouse Gas Inventory Certifications in June and July 2023, respectively.</p> <p>2022~2023 GHG</p>	



Item	Implementation status (Note 1)								Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary Description							
					Taoyuan Plant		Guangzhou Plant		Kunshan Plant	
			Cate gory	Unite	2022	2023	2022	2023	2022	2023
			Scop e 1	ton CO <sub>2</sub> e	4,774	3,186	419	256	293	107
			Scop e 2	ton CO <sub>2</sub> e	4,630	5,544	26,297	19,711	21,253	18,933
			Total	ton CO <sub>2</sub> e	9,404	8,730	26,716	19,967	21,546	19,040
			Prod uctio n volu	ton	11,042	7,344	4,652	2,457	4,493	3361



Item	Implementation status (Note 1)									Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary Description								
			me								
			GHG intensity per unit product	ton CO <sub>2</sub> e/ton	0.85	1.18	5.74	8.13	4.80		5.66
			In 2022, three Plants obtained the ISO-14064-1 Greenhouse Gas Inventory Certifications. The greenhouse gas emissions scope 3 for the Taoyuan Plant in 2022 were 848 metric tons of CO <sub>2</sub> e, while the Guangzhou Plant emitted 564 metric tons, and the Kunshan Plant emitted 494 metric tons. The data for self-audit in 2023 is awaiting third-party verification. Water management and the increasing scarcity of water resources due to climate change and global warming are major environmental challenges facing humanity today. To effectively utilize water resources and ensure sustainable business operations, our company has implemented water conservation measures and promoted the concept of water conservation among our employees to reduce water consumption.								



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			<p>Our company implements the concept of waste reduction and recycling through product design and process improvement in order to prevent the generation of waste.</p> <p>The waste produced by our company is stored properly in accordance with relevant regulations. We strongly advocate for waste classification. Depending on the type and characteristics of the waste, we entrust qualified cleaning agents to handle it in accordance with the law using methods such as incineration, burial, physical methods, and chemical methods. We do not import or transport hazardous industrial waste to foreign countries.</p>	
<p>IV. Social issues</p> <p>(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>(I)</p> <p>◎ Human rights policy</p> <p>The Company has made reference to internationally recognized human rights standards, including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to fully exercise CSR and implement human rights protection. Besides, the Company has established human rights policy applicable to the Company and all affiliates of the USI Group, to eliminate human rights violations; as such, the Company's</p>	<p>This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

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	Yes	No	Summary Description	
			<p>current employees, in addition to enjoying a reasonable and safe workplace, can be treated in a reasonable and dignified manner.</p> <p>◎ Human rights risk mitigation measures The Company is committed to ensuring that employees and the work environment are safe, that personnel are treated with respect and dignity, and that operations are conducted in a manner that promotes environmental protection and compliance with laws and ethics. In order to realize this commitment, we will respect our employees on a lawful basis based on good faith, and assign dedicated personnel to implement employee safety and health practices in accordance with the law. In addition to continuous advocacy and education, efforts are made to implement human rights policies in daily practices and establish appropriate appeal channels.</p> <p>◎ Human rights concerns and practices 1. Provide a safe and healthy working environment In order to maintain the workplace safety of our employees, we have not only installed various pollution prevention and fire safety equipment, but also introduced the environmental management system ISO 14001 and the occupational safety and health management system ISO 45001, and actively promoted improvement activities such as energy saving and</p>	



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>carbon reduction, disaster prevention, and pollution prevention to ensure a safe working environment. In addition to providing a safe and healthy working environment in accordance with laws and regulations, the Company has established a special unit and committee for occupational safety and health, employed occupational health professional doctors and nursing staff to conduct regular health service visits for employees, and conducted regular safety and health, fire prevention, and other related education and training to implement on-site risk assessment of the working environment and early detection of risk factors in the working environment to prevent occupational disasters.</p> <p>2. Illegal discrimination are prohibited to ensure equal work opportunities.</p> <p>The Company has implemented human rights policies in its internal control procedures and does not treat employees and job seekers unfairly on the basis of race, class, language, ideology, religion, party affiliation, origin, place of birth, gender, sexual orientation, age, marriage, pregnancy, appearance, facial features, physical and mental disabilities, zodiac sign, blood type, etc. in matters of labor rights such as employment, compensation and benefits, training opportunities, promotion, termination, or retirement.</p>	

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	Yes	No	Summary Description	
			<p>3. Child labor is prohibited. To ensure compliance with corporate social responsibility and ethical standards, the Company explicitly prohibits child labor since the beginning of recruitment, and as of the end of 2023, the total number of employees in the Company's Taipei office and Taoyuan Plant was 194, of which there was no child labor.</p> <p>4. Forced labor is prohibited The Company does not force or coerce any unwilling employee to perform labor. The daily and weekly working hours, extended working hours, vacations, special leave and other types of leave for employees are in accordance with the law. In the attendance system, employees are reminded when they apply for overtime work and are provided with overtime pay or compensatory time off after working overtime.</p> <p>5. Assist employees to maintain physical and mental health and work-life balance</p> <ul style="list-style-type: none"> <li>The Company provides venues or sponsorship funds to encourage employees to participate in health activities, and employees organize their own clubs to gather emotions among colleagues through club activities.</li> </ul>	



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	Yes	No	Summary Description	
			<ul style="list-style-type: none"> <li>• In addition to holding activities such as annual year-end banquet, Mid Autumn Festival party and riddle guessing to adjust employees' physical and mental health and gather centripetal force, the Company also sets up sports and fitness equipment for employees to use after work.</li> <li>• Free freshly ground coffee and snacks are provided to allow employees to relax during their breaks while working.</li> </ul> <p>◎ Training practices for human rights protection</p> <ul style="list-style-type: none"> <li>• New employee training - New education and training on compliance with relevant laws is required upon induction, including: sexual harassment prevention, anti-discrimination, anti-harassment, implementation of working hour management, and protection of humane treatment.</li> <li>• Prevention of workplace violence - Through promotion and public announcements, employees are made aware of their responsibility to help ensure that the workplace is free of unlawful abuse in the course of their duties, and a complaint line is disclosed to create a friendly working environment.</li> <li>• Occupational safety series training - content includes safety and health education and training, fire safety training, emergency response, first aid personnel training, etc.</li> </ul>	



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																								
	Yes	No	Summary Description																									
			<ul style="list-style-type: none"><li>Integrity and moral education - Educate and promote daily behavior and ethical standards in order to provide a healthy and positive workplace culture.</li></ul> <p>The Company keeps paying attention to human rights protection and implementing relevant training to enhance awareness of human rights protection and reduce the possibility of related risks. In 2023, the Company has held trainings related to human rights protection, with 1,171 participants and 3,286 training hours in total. The details of participants and training hours are as follows:</p> <table><tr><th>Course Title</th><th>Hours of the Course</th><th>Total Participants</th><th>Total Training Hours</th></tr><tr><td>[Integrity Seminar] Cybersecurity Pitfalls: Stop, Look, and Listen</td><td>2</td><td>68</td><td>136</td></tr><tr><td>[Integrity Seminar] Legal Awareness and Response Required in the Age of Smart Technology</td><td>2</td><td>26</td><td>52</td></tr><tr><td>[Integrity Seminar] Legal Advocacy - Insider Trading and Gender Equality</td><td>2</td><td>16</td><td>32</td></tr><tr><td>[Integrity Seminar] Prevention of Illegal Violations in the Workplace</td><td>2</td><td>1</td><td>2</td></tr><tr><td>Process Safety Training</td><td>2.63</td><td>55</td><td>145</td></tr></table>	Course Title	Hours of the Course	Total Participants	Total Training Hours	[Integrity Seminar] Cybersecurity Pitfalls: Stop, Look, and Listen	2	68	136	[Integrity Seminar] Legal Awareness and Response Required in the Age of Smart Technology	2	26	52	[Integrity Seminar] Legal Advocacy - Insider Trading and Gender Equality	2	16	32	[Integrity Seminar] Prevention of Illegal Violations in the Workplace	2	1	2	Process Safety Training	2.63	55	145	
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Item	Implementation status (Note 1)					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons		
	Yes	No	Summary Description					
			Occupational safety training/promotion	2.62	590	1,546		
			Environmental Protection Training	3.3	107	353		
			Safety and health on-the-job education and training (including on-the-job training and retraining for supervisors)	6.76	72	487		
			Firefighting Self-defense Formation Training	4	93	372		
			Fire training/promotion	1	9	9		
			Special Operations and Cancer Screening Seminar	1	116	116		
			Promoting a Friendly Workplace: Maintaining a Workplace Free from Violence, Harassment, and Intimidation	2	18	36		
			Total			1,171		3,286
			◎ Appeal system The Company has an unimpeded appeal channel. When employees encounter various problems within the Company, they can appeal to executives at all levels or the HR Department through the Company’s appeal channel. In addition, in order to maintain gender equality in work and provide a working and service environment where employees and job seekers are free from sexual harassment, there is a dedicated complaint mailbox and e-mail address for sexual harassment prevention. During the appeal investigation period, confidentiality measures will be adopted and the name of the complainant or other relevant information sufficient to					



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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(II) 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?	V		<p>identify the complainant will not be disclosed to protect the complainant.</p> <p>(II)</p> <ol style="list-style-type: none"> <li>1. The Company has established various personnel management measures that are reasonable and follow the law to regulate employee attendance, vacation, overtime, salary, retirement, and various subsidies.</li> <li>2. The Company has established an Employee Welfare Committee to improve employee welfare measures. All welfare measures are handled in accordance with the Labor Basic Law, Labor Insurance Regulations, Labor Pension Regulations, Employee Welfare Regulations, and relevant laws and regulations.</li> <li>3. Employees not only enjoy general benefits such as labor and health insurance and pension payments, but also various benefits such as employee travel, employee birthday, marriage and funeral subsidies, as well as complete education, training, and lectures.</li> <li>4. According to Article 34 of the Company's articles of Incorporation, if the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains</li> </ol>	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>accumulated losses, it shall reserve the amount to be covered in advance.</p> <p>5. The Company provides appropriate salary adjustments or year-end performance bonuses based on the Company's operational performance and individual employee performance.</p> <p>(III)</p> <p>1. The Company actively participates in safety promotion activities in various industrial zones under the jurisdiction of various factories in order to improve the autonomy of inspection and prevention in work safety, and joins the regional joint defense partner of the industrial zone under the Guanyin Industrial Zone Service Center. In terms of occupational safety and environmental protection, we participate in resource integration meetings in the northern region of the Group, observe and learn from each other, improve the safety and health protection of operators, and regularly hold fire drills and work safety education and training every year to cultivate employees' ability to respond to emergencies and self-safety management. The Company attaches great importance to the personal safety and health of its employees, providing a group insurance plan for employees, including regular life insurance, major illness, accidental injury, occupational injury, cancer medical</p>	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(IV) Has the Company established effective career development training programs for employees?	V		<p>treatment, etc. Regular health checks are conducted every year, providing employees with physical health care and medical assistance, and conducting regular outdoor activities to help employees achieve a balance between work and life.</p> <p>2. Environmental safety and health education, training, and promotion are the foundation for enhancing employees' safety awareness. The Company conducts various on-the-job training according to job requirements to enhance personnel's safety awareness and concepts. In 2023, a total of 15,053 person-times and 36,904 hours were spent on environmental safety and health training in three plants in mainland China and Taiwan.</p> <p>3. The Company has passed ISO 45001 Occupational health and safety management systems certification on December 22, 2022 (valid from December 22, 2022 to December 21, 2025), and is actively promoting improvement activities such as energy conservation, prevention of environmental pollution inside and outside the plant to ensure the safety and health of employees.</p> <p>4. The Company's Taipei office and Taoyuan Plant had zero occupational accidents and fire accident in 2023.</p> <p>(IV)            ◎ Our training program:            1. We have established "Job Description Management System" and "Employee Training and Qualification</p>	This is in line with the provisions of the Corporate Governance Best



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>Management System” to develop employees’ skills according to the needs of each job and their interests.</p> <ol style="list-style-type: none"> <li>2. We have established the “Technical Allowance Qualification Management System” to effectively implement employee skill transmission and to improve employee skills in phases.</li> <li>3. We utilize the job agency system to enable employees to achieve the goal of work expansion and to promote successors.</li> <li>4. We set up effective and reasonable indicators, regularly review employee performance, and provide timely counseling and training to enhance employees’ career development capabilities.</li> </ol> <p>◎ Our training content:</p> <ol style="list-style-type: none"> <li>1. Education and training for new employees: to learn about the Company’s system, environmental safety precautions and relevant ISO policies, etc.</li> <li>2. General training: various types of courses to improve employees’ knowledge or skills.</li> <li>3. Professional training for employees: to enhance skills required for work according to different functions and duties.</li> <li>4. Supervisory training: management skills and planning ability for future or existing executives.</li> <li>5. Language training: online English courses or other learning assistance for employees in cooperation with</li> </ol>	Practice Principles for TWSE/TPEX Listed Companies.

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(V) 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	V		<p>the Group.</p> <p>6. Special job certification training: licenses required by government regulations and special certifications for automotive products to meet the latest government and customer requirements.</p> <p>7. Traffic safety training: continuous promotion of traffic laws and regulations to enhance employees' awareness of traffic safety.</p> <p>8. All engineers and above have undergone LEAN Six Sigma training and certification.</p> <p>◎ Implementation of trainings: In 2023, we conducted ISO quality training, professional training for each unit, various project courses, on-site staff education and training, labor safety and hygiene promotion, fire training, and emergency response promotion in Taiwan, mainland China, and Malaysia. The total number of participants was 35,818 person-time and the total number of training hours was 81,064 hours, of which 77,899 hours were conducted by the Company itself and 3,165 hours were external training.</p> <p>(V) The Company is ISO 9001, ISO 14001, ISO 50001, ISO 45001, ISO 14064, and IATF 16949 certified, and, based on quality, ability and environmental policy, cooperates with quality suppliers for a long time to serve customers and fulfill our corporate social responsibility. In order to protect the security of our customers' data, USI</p>	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
consumer protection and grievance policies?			<p>Group's Information Technology Division has established various regulations such as the General Policy on Information Security Management, the System Development and Maintenance Management Regulations, the Application Program On-line Operation Management Guidelines, and the Database Management Guidelines, and, through measures such as strengthening firewall management, authority control, separating the testing environment from the actual operating environment, and de-identifying data containing personal information, we strengthen personal information protection to prevent leakage.</p> <p>In addition, the Company has a Customer Property Management Measures to properly keep the goods provided by the customer, and in the event of intellectual property rights owned by the customer, a confidentiality agreement is signed with the customer; The Company is aware of and shall take necessary measures to maintain the business secrets known or held during the cooperation period and keep them confidential. Except for normal use in official duties, without the prior written consent of the customer, the business secret shall not be arbitrarily disclosed, leaked, delivered or transferred to a third party, or disclosed to the public, or utilized for the Company itself or a third party; only when the customer or the owner of the business secret discloses the business secret to the public or releases its confidentiality, can the Company simultaneously release the confidentiality</p>	Listed Companies.

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>responsibility of the business secret.</p> <p>The Company has established the Customer Quality Complaint Management Regulations. Customers can raise complaints to the business unit through oral, telephone, written or other means. After receiving the message, the business unit will immediately confirm the situation and report it to the quality unit and other relevant units.</p> <p>The Company complies with its commitment to customers to ensure that their intellectual and financial rights and privacy are respected while conducting business activities. Therefore, the Company did not have any complaints about customer privacy violations or damage to customer property in FY2023.</p>	
(VI) 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?	V		(VI) The Company has established long-term strategic partnerships with major raw material suppliers and set up safety stock according to preparation schedule so that the supply chain can continue to run smoothly. To encourage continuous supplier optimization so that the Company can obtain raw materials and services at the right time, in the right quantity and at the right price, the Company regularly performs annual evaluation of suppliers according to aspects including quality, delivery dates, environmental protection and occupational safety and health, packaging, quality certification and services in coordination with production	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>operations and environmental protection policies. In the future, the Company plans to conduct regular assessments to learn about the human rights management of suppliers, and promote ESG concepts before further incorporating them into routine assessments.</p> <p>The Company will continuously strengthen self-evaluation of supply chain sustainability, and gradually incorporate ESG performance into selection, evaluation and audit processes.</p> <p>The Company jointly fulfills corporate social responsibilities with its suppliers using its influence. Excellent ESG experience sharing and collaboration with suppliers serve as a vital foundation for the Company to establish sustainable businesses.</p>	
V. 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?	V		<p>The Company first issued its 2014 Corporate Social Responsibility Report in 2015 and renamed it as Sustainability Report in 2020, and the contents of the ninth ESG Report 2022 followed the “Core” option of the Global Reporting Initiative’s (GRI) ESG Reporting Guidelines.</p> <p>The 2022 Sustainability Report was certified by the AFNOR Asia Ltd., an independent third-party verification organization, in June 2023. The verification was conducted in accordance with the GRI guidelines, following the core option and AA1000 Type1 moderate assurance level. A verification statement was obtained.</p>	This is in line with the provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best				



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: On March 10, 2014, the Company added its Corporate Social Responsibility Best Practice Principles and changed the name to the ESG Best Practice Principles on March 8, 2022.				
VII. Other important information to facilitate better understanding of the company’s promotion of sustainable development: (I) USI Group upholds the business philosophy of “Solid Operation, Professional Management, Seeking Excellence and Serving the Society”. On December 30, 2011, USI Corporation and Asia Polymer Corporation jointly established the USI Education Foundation with a fund of NT\$50 million. The USI Education Foundation aims to engage in education-related charitable activities, and focuses on care for the disadvantaged people in rural areas and the ecology. The foundation has carried out the following activities in accordance with the relevant laws: 1. Sponsor education in rural areas. 2. Set up scholarships. 3. Hold talks, seminars or other education-related charitable activities. 4. Sponsor schools at various levels or educational groups to engage in activities such as literature, sports, music, dance, arts and drama. 5. Participate in industry-academia collaboration. 6. Other related education-related charitable activities consistent with the aims of the foundation. The USI Group established and contributed to the USI Education Foundation, sponsoring projects related to culture and development with a total donation of approximately NT\$9.15 million. As a member of the USI Group, the Company actively participates in various activities organized or sponsored by the USI Education Foundation. ◆ By sponsoring the Alliance Cultural Foundation with NT\$2 million, we are investing more resources in cultural and artistic development. In recent years, it has been dedicated to assisting in the creation of the Paul Chiang Art Center in Taitung, which has become an international landmark for Taiwanese culture and art. It continues to collaborate with the Luan Mountain Forest Museum in Yanping, Taitung and the Gaoshan Forest Center in Fengbin, Hualien, to promote indigenous culture. These efforts have established demonstration attractions for aboriginal cultural art experiences scattered across different corners of Hualien				



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>and Taitung.</p> <ul style="list-style-type: none"> <li>◆ The company has allocated NT\$6 million to support the Taitung Junyi Experimental High School, aiming to establish it as a base for nurturing future talents and engaging in indigenous cultural work. Since 2012, the Rural Education Seed Cultivation Program has nurtured 210 students from low-income, middle-low-income, single-parent, cross-generational care, or those actively engaged in indigenous cultural work. The goal is for each educational seed to become a young person with good character, humanistic and artistic qualities, and critical thinking skills, who can return to their tribal communities and become agents of change.</li> <li>◆ Donating NT\$300 thousand to the Cloud Gate Culture and Arts Foundation, the Company supports its efforts in promoting domestic and international performances, as well as art education and cultural activities for residents in the Tamsui community, enriching the cultural life of Taiwan and the world.</li> <li>◆ Donating NT\$300 thousand to the Blue Ocean Daily Festival's Austronesian Music and Cultural Exchange, the Company supports the event launched by the Taitung County Government in 2022. It is a new oceanic cultural exchange activity unique to Taitung, featuring immersive marine recreational experiences in Fudafudak, Living Water Lake, Jinzun, and Green Island. The event combines Austronesian oceanic culture, offering marine cultural education seminars and supporting large oceanic canoe experiences, aiming to raise awareness of Austronesian oceanic culture and gradually connect Taitung's marine recreation development with international standards.</li> <li>◆ Donating NT\$450 thousand to the Harvest365 Music Project, the Company collaborates with the Toufen Junior High School in Miaoli County. Through professional choir teachers trained by Harvest365 Foundation, they work alongside the music teachers at Toufen Junior High School to teach the Harmony Choir, composed of 7th and 8th-grade students. There are currently 25 members in the choir. In addition to regular club hours, they also utilize after-school time for practice. They hope to accompany students' growth through the art of singing and to foster motivation and build confidence by participating in the annual music festival and performing on stage.</li> <li>◆ Sponsoring the Tainan Philharmonic Orchestra, which has long been dedicated to charitable and public welfare music performances, with NT\$100 thousand. This support enables the orchestra to continue organizing charitable touring performances and promoting cultural exchanges through music, bringing comfort and inspiration to people's hearts.</li> </ul>	



Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(II) In 2021, the Company first entered the Taiwan Corporate Sustainability Awards (TCSA), known as the Oscars of sustainability in Taiwan, and was awarded the highest honor, the Platinum Award, in the highly competitive electronic information manufacturing industry, and again won the Platinum Award in 2022 and 2023, showing that the integrity and transparency of ESG information disclosure and performance efforts have been recognized by the reviewers.				

Note 1: If “Yes” is ticked in the “Implementation status” column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If “No” is ticked in the “Implementation status” column, please explain the deviations and the reasons in the “Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons” column and explain the Company’s plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company’s risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company’s investors and other stakeholders.

Note 3: Regarding the method for disclosure, please refer to the “SAMPLE ANNUAL REPORT” page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(VI) Climate-Related Information of TWSE/TPEX Listed Company

Implementation of Climate-Related Information

Item	Status of Implementation																	
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The company has established the Sustainable Development Committee under the Board of Directors as the highest authority for climate management. The committee, chaired by independent directors, is responsible for reviewing the company's climate change strategy and goals, managing climate change risks and opportunities, and monitoring implementation. It reports to the Board of Directors on an annual basis. The company employs the framework the Task Force on Climate-related Financial Disclosures (TCFD) provides to identify climate-related risks and opportunities. It evaluates risks and opportunities across various departments, assesses their financial impacts, and develops response plans. A thorough assessment is conducted every three years, with annual reviews and updates.																	
2. Describe how the identified climate risks and opportunities affect the business's strategy and finances (short, medium, and long term).	<div>The identified situation of climate risk affecting the company is as follows:</div> <table><tr><th>Type</th><th>Item</th><th>Timeline</th></tr><tr><td>Entity Risk</td><td>High temperature</td><td>Mid-term (3-7 years)</td></tr><tr><td rowspan="5">Transformation Risks</td><td>Government Regulation or Supervision - Water Fee Collection</td><td>Short-term (less than 3 years)</td></tr><tr><td>Carbon fee</td><td>Short-term (less than 3 years)</td></tr><tr><td>Renewable Energy Regulations - Large Consumers Clause Risks</td><td>Mid-term (3-7 years)</td></tr><tr><td>Low Carbon Technology Transformation</td><td>Mid-term (3-7 years)</td></tr><tr><td>Rising Raw Material Prices</td><td>Short-term (less</td></tr></table>	Type	Item	Timeline	Entity Risk	High temperature	Mid-term (3-7 years)	Transformation Risks	Government Regulation or Supervision - Water Fee Collection	Short-term (less than 3 years)	Carbon fee	Short-term (less than 3 years)	Renewable Energy Regulations - Large Consumers Clause Risks	Mid-term (3-7 years)	Low Carbon Technology Transformation	Mid-term (3-7 years)	Rising Raw Material Prices	Short-term (less
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	Low Carbon Technology Transformation	Mid-term (3-7 years)																
	Rising Raw Material Prices	Short-term (less																

Item	Status of Implementation		
			than 3 years)
	The identified situation of climate risk affecting the company is as follows:		
	Type	Item	Developability
	Opportunity	Efficient Production	Developmental, already part of the company's existing policy.
		Recycling and Reuse in the Circular Economy	Developmental, to be included in the company's policy planning.
		Reduce water usage and consumption.	Developmental, already part of the company's existing policy.
		Use of Low-Carbon Energy	Developmental, to be included in the company's policy planning.
		Utilizing Public Sector Incentive Measures	Developmental, already part of the company's existing policy.
3. Describe the financial impact of extreme weather events and transformative actions.	<p>In order to tackle the escalating global climate change, our company remains committed to implementing the TCFD framework. This framework allows us to enhance our comprehension of the potential risk factors associated with extreme weather conditions and enables us to identify emerging business prospects. Based on the Taiwan Climate Change Projection and Adaptation Knowledge Platform (TCCIP) and the National Disaster Prevention and Rescue Technology Center, the temperature rise, rainfall, flooding, and drought were estimated from 2016 to 2035 under the RCP 8.5 scenario. Three physical risk issues were identified. Furthermore, considering the group's strategy, industry characteristics, national self-determined contributions (INDC), and TCFD indicators, 24 potential risk and opportunity issues were listed, including nine transformation risk issues and twelve opportunity issues. In 2023, a questionnaire survey was conducted on the ESG Committee and senior executives to</p>		



Item	Status of Implementation								
	<p>evaluate the significance of different risks to the company's operations, their potential impact on time, and the feasibility of various opportunities. A total of 13 questionnaires were collected, and after statistical analysis by the team, 12 significant climate issues were identified (1 physical risk item, 5 transformation risk items, and 6 opportunity items).</p> <p>The company has evaluated the potential financial effects and developed strategies and management mechanisms for 12 significant risk and opportunity factors. Its objective is to comprehend the potential impacts of climate change on various aspects and mitigate the operational consequences of extreme weather conditions. The company is dedicated to establishing a resilient culture regarding climate change.</p>								
<p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<table> <tr> <th colspan="2" data-bbox="728 702 929 742">Climate Change Management Framework:</th></tr> <tr> <th data-bbox="728 742 929 782">Category</th><th data-bbox="929 742 1955 782">Management Strategy and Action</th></tr> <tr> <td data-bbox="728 782 929 1236"><b>Governance</b></td><td data-bbox="929 782 1955 1236"> <ul style="list-style-type: none"> <li>● <b>The Sustainable Development Committee:</b> the highest-level organization responsible for climate change management. It is chaired by independent directors and is tasked with annual planning and performance reporting on climate change. The committee reports to the board of directors.</li> <li>● <b>Board of Directors Meeting:</b> This meeting, chaired by the Chairman, is held periodically to promote and plan major energy-saving and carbon reduction policies, as well as report on the outcomes.</li> <li>● <b>Group Environmental Department Quarterly Meeting:</b> As the highest authority for energy management within USI Group, it provides quarterly reports on progress and planning to the chairman and makes decisions.</li> <li>● <b>Green Energy Team:</b> This is the department responsible for promoting green energy within the USI Group. They provide monthly reports to the chairman on the progress and future plans of green energy development.</li> </ul> </td></tr> <tr> <td data-bbox="728 1236 929 1367"><b>Strategy</b></td><td data-bbox="929 1236 1955 1367"> <ul style="list-style-type: none"> <li>● <b>Situation Analysis:</b> Evaluating the physical risks encountered under various climate scenarios.</li> <li>● <b>Risk and Opportunity Assessment:</b> Evaluate the importance of risks and</li> </ul> </td></tr> </table>	Climate Change Management Framework:		Category	Management Strategy and Action	<b>Governance</b>	<ul style="list-style-type: none"> <li>● <b>The Sustainable Development Committee:</b> the highest-level organization responsible for climate change management. It is chaired by independent directors and is tasked with annual planning and performance reporting on climate change. The committee reports to the board of directors.</li> <li>● <b>Board of Directors Meeting:</b> This meeting, chaired by the Chairman, is held periodically to promote and plan major energy-saving and carbon reduction policies, as well as report on the outcomes.</li> <li>● <b>Group Environmental Department Quarterly Meeting:</b> As the highest authority for energy management within USI Group, it provides quarterly reports on progress and planning to the chairman and makes decisions.</li> <li>● <b>Green Energy Team:</b> This is the department responsible for promoting green energy within the USI Group. They provide monthly reports to the chairman on the progress and future plans of green energy development.</li> </ul>	<b>Strategy</b>	<ul style="list-style-type: none"> <li>● <b>Situation Analysis:</b> Evaluating the physical risks encountered under various climate scenarios.</li> <li>● <b>Risk and Opportunity Assessment:</b> Evaluate the importance of risks and</li> </ul>
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<b>Strategy</b>	<ul style="list-style-type: none"> <li>● <b>Situation Analysis:</b> Evaluating the physical risks encountered under various climate scenarios.</li> <li>● <b>Risk and Opportunity Assessment:</b> Evaluate the importance of risks and</li> </ul>								

Item	Status of Implementation	
		<p>opportunities by considering the level of correlation and likelihood of occurrence for risk items, as well as the operational feasibility and potential for development for opportunity items.</p> <ul style="list-style-type: none"> <li>● <b>Assessment of Potential Financial Impact:</b> Conduct a potential financial impact assessment on identified significant risks and opportunities.</li> </ul>
	<b>Risk Management</b>	<ul style="list-style-type: none"> <li>● <b>Introduction to TCFD:</b> Identify risks and opportunities using the TCFD framework, communicate with relevant departments, and obtain confirmation from senior executives.</li> <li>● <b>Report on Identification Results:</b> As part of the annual company risk management assessment, the General Manager or their designated personnel reports the control measures and management operations to the Audit Committee and the Board of Directors each year.</li> </ul>
	<b>Indicators and Objective</b>	<ul style="list-style-type: none"> <li>● Under the Group's carbon reduction target, energy management goals have been established. The baseline year is set as 2017, with a target of reducing carbon emissions by 27% by 2030 and achieving carbon neutrality by 2050.</li> <li>● <b>Climate response strategy:</b> Our mid-term strategy aims to reduce carbon emissions by focusing on the transformation to low-carbon energy, improving energy efficiency, implementing intelligent monitoring systems, installing and utilizing renewable energy sources. In the long-term, we will prioritize the use of low-carbon fuels, explore carbon capture and utilization technology, and invest in negative carbon emission technology.</li> <li>● <b>Disclosure of Greenhouse Gas Emissions:</b> The company should annually disclose data on Scope 1 and Scope 2 emissions in its sustainability report. Additionally, it should regularly review the factors contributing to any increases or decreases in emissions.</li> </ul>
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and	The Company utilizes a questionnaire survey method to evaluate climate change risks. Therefore, it is not applicable.	



Item	Status of Implementation
major financial impacts used should be described.	
<p>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.</p>	<p>Climate change is a global challenge that we all face. In order to comply with international standards and meet the requirements of sustainable development, our country announced the amendment of the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Response Act" on February 15, 2023. With the impact of climate change, reducing carbon emissions has become a global community effort. In early 2022, the USI Group set a goal to "reduce carbon emissions by 27% by 2030, compared to 2017". In addition, in 2023, they set the long-term goal of achieving carbon neutrality by 2050.</p> <p>To achieve the company's sustainable vision, USI Group has been actively implementing response strategies and management mechanisms through practical actions. The Group's domestic production sites are implementing ISO 14064-1 greenhouse gas inventory and verification, as well as planning and implementing carbon reduction programs. In addition, the Group is actively developing external renewable energy sites. By the end of 2023, the cumulative grid-connected capacity of the solar energy sites at the Taoyuan and Kunshan plants will reach a total of 2,247 kW.</p> <p>The Company has adhered to the group's 2030 carbon reduction target plan and has experienced a 32.5% increase in greenhouse gas emissions in 2023 compared to the baseline year (2017). The primary reason for this increase is the expansion of carbonized silicon production in the new business. Moving forward, the company will take a more proactive approach in implementing energy-saving and carbon reduction measures. The mid-term carbon reduction strategy will focus on low-carbon energy transformation, energy efficiency, smart monitoring and control, and the installation and use of renewable energy. The long-term carbon reduction strategy will continue to focus on low-carbon fuels, carbon capture and reuse technologies, and negative carbon emission technologies to achieve carbon neutrality targets and promote sustainable development.</p>



Item	Status of Implementation
<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>In February 2023, our country announced the implementation of the Climate Change Response Act, which includes the introduction of a carbon fee collection mechanism. The Ministry of Environment has formulated a detailed collection method and specific rates through relevant subsidiary legislation. The collection targets will be phased in gradually, starting with larger enterprises, and the rates will be regularly reviewed and gradually increased. To proactively respond to government policies and effectively manage climate change and carbon risk, the USI Group plans to implement an internal carbon pricing system by 2024. Pricing will be based on domestic carbon fees, and it will be integrated into the company's decision-making and investment evaluation processes. This will allow for the assessment of the impact of carbon emissions on business operations and expedite the implementation of carbon reduction measures. The Group will also conduct two educational training sessions to facilitate the understanding and implementation of internal carbon pricing by relevant departments. Additionally, each plant will be assisted in implementing this pricing system promptly. Furthermore, a comprehensive course on carbon-related topics will be organized, inviting all group employees to participate and enhance their awareness of carbon reduction. These initiatives aim to achieve the goal of sustainable business operations.</p>
<p>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</p>	<p>Climate change is a global challenge that we all face. In order to comply with international standards and meet the requirements of sustainable development, our country announced the amendment of the "Greenhouse Gas Reduction and Management Act" to the "Climate Change Response Act" on February 15, 2023. With the impact of climate change, reducing carbon emissions has become a global community effort. In early 2022, the USI Group set a goal to "reduce carbon emissions by 27% by 2030, compared to 2017". In addition, in 2023, they set the long-term goal of achieving carbon neutrality by 2050. To achieve the company's sustainable vision, USI Group has been actively implementing response strategies and management mechanisms through practical actions. The Group's</p>



Item	Status of Implementation																																																
and quantity of carbon credits or RECs to be offset should be specified.	<p>domestic production sites are implementing ISO 14064-1 greenhouse gas inventory and verification, as well as planning and implementing carbon reduction programs. In addition, the Group is actively developing external renewable energy sites. By the end of 2023, the cumulative grid-connected capacity of the solar energy sites at the Taoyuan and Kunshan plants will reach a total of 2,247 kW.</p> <p>The scope of greenhouse gas emissions, horizon, and the progress achieved, please refer to Item 9.</p>																																																
9. Greenhouse Gas Inventory and Assurance Status and Reduction Targets, Strategies and Specific Action Plans.	<p>List of Greenhouse Gas Emissions Inventory and External Verification Information for the Company</p> <table><tr><th></th><th></th><th colspan="2">Taoyuan Plant</th><th colspan="2">Guangzhou Plant</th><th colspan="2">Kunshan Plant</th></tr><tr><th>Category</th><th>Unit</th><th>2022</th><th>2023</th><th>2022</th><th>2023</th><th>2022</th><th>2023</th></tr><tr><td>Scope 1</td><td>Tons of CO<sub>2</sub>e</td><td>4,774</td><td>3,186</td><td>419</td><td>256</td><td>293</td><td>107</td></tr><tr><td>Scope 2</td><td>Tons of CO<sub>2</sub>e</td><td>4,630</td><td>5,544</td><td>26,297</td><td>19,711</td><td>21,253</td><td>18,933</td></tr><tr><td>Total</td><td>Tons of CO<sub>2</sub>e</td><td>9,404</td><td>8,730</td><td>26,716</td><td>19,967</td><td>21,546</td><td>19,040</td></tr><tr><td>Production</td><td>ton</td><td>11,042</td><td>7,344</td><td>4,652</td><td>2,457</td><td>4,493</td><td>3361</td></tr></table>			Taoyuan Plant		Guangzhou Plant		Kunshan Plant		Category	Unit	2022	2023	2022	2023	2022	2023	Scope 1	Tons of CO <sub>2</sub> e	4,774	3,186	419	256	293	107	Scope 2	Tons of CO <sub>2</sub> e	4,630	5,544	26,297	19,711	21,253	18,933	Total	Tons of CO <sub>2</sub> e	9,404	8,730	26,716	19,967	21,546	19,040	Production	ton	11,042	7,344	4,652	2,457	4,493	3361
		Taoyuan Plant		Guangzhou Plant		Kunshan Plant																																											
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Production	ton	11,042	7,344	4,652	2,457	4,493	3361																																										

Item	Status of Implementation								
	Volume								
	Unit Product Greenhouse Gas Intensity	Tons of CO <sub>2</sub> e per ton	0.85	1.18	5.74	8.13	4.80	5.66	
	<p>Our Taoyuan Plant obtained BSI certification for the ISO 14064-1 2022 Greenhouse Gas Inventory Management System on November 3, 2023. The Guangzhou Factory and Kunshan Factory obtained ISO14064-1 2022 Greenhouse Gas Inventory certification from BSI on June 9, 2022 and July 14, 2023, respectively. The data for self-audit in 2023 is awaiting third-party verification.</p> <p>The Company's strategies, methods, and goals for managing greenhouse gas emissions: Strategies for Climate Change Adaptation and Greenhouse Gas Management in Enterprises</p> <ol style="list-style-type: none"> <li>1. Equipment is outdated and replaced with new equipment;</li> <li>2. Establish renewable energy equipment;</li> <li>3. Optimizing production scheduling;</li> <li>4. Architectural air conditioning planning;</li> <li>5. Energy Management System</li> <li>6. Emergency Climate Change Response Plan.</li> </ol> <p>◆ Company's Target for Reducing Greenhouse Gas Emissions Reduce carbon emissions by 27% in 2030 compared to 2017 (base year). Please refer to Section 3.2 Climate Change and Energy Management in the Company's ESG Report.</p>								



(VII) Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Group upholds the business philosophy of “Solid Operation, Professional Management, Seeking Excellence and Serving the Society” and exercises its corporate culture that “seeks truth, honesty and comprehensiveness”. The Company has established the Ethical Corporate Management Best Practice Principles, the Procedures and Guidelines for Integrity Management and the Code for Ethical Conduct of Directors and President to specify its ethical corporate management policies. The Company’s Board of Directors and the President have signed statements of ethical management to fulfill their commitments in management policies.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a	V		(II) The Company has established the Ethical Corporate Management Best Practice Principles, which has been approved by the Board of Directors, and established a risk assessment mechanism for unethical conduct to regularly analyze and evaluate business activities with higher risk of unethical conduct within the business scope, so as to	Consistent with the Ethical Corporate Management Best Practice Principles for

Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(III) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal</p>	V		<p>formulate prevention programs, while reviewing the adequacy and effectiveness of prevention programs on a regular basis and strengthening relevant preventive measures.</p> <p>The prevention programs adopted by the Company include preventive measures against the following:</p> <ol style="list-style-type: none"> <li>1. Offering and receiving bribes.</li> <li>2. Illegal political contributions.</li> <li>3. Improper charitable donation or sponsorship.</li> <li>4. Offering or accepting unjustified presents or hospitality, or other improper benefits.</li> <li>5. Infringing upon business secrets, trademark rights, patent rights, copyright and other intellectual property.</li> <li>6. Engaging in unfair competition.</li> <li>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</li> </ol> <p>(III) 1. The Company has formulated the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for</p>	<p>TWSE/TPEX Listed Companies.</p> <p>Consistent with the Ethical Corporate</p>



Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?			<p>Conduct in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies announced and amended by the competent authority.</p> <p>2. The Company has established the “Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct” to promote the reporting of any illegal behavior or violation of the Code of Conduct or the Ethical Corporate Management Principles. Any employee or external party can freely choose to access the Company’s website or a dedicated hotline set up at the Audit Office to report cases of illegal, unethical, or dishonest conduct through the following units:</p> <ul style="list-style-type: none"> <li>➤ Audit Committee: Accept reports from shareholders, investors, and other stakeholders.</li> <li>➤ Audit Office: Accept reports from customers, suppliers, and contractors.</li> <li>➤ Human Resources Department: Accept reports from employees of the Company.</li> </ul> <p>None of the units received illegal reports in year 2023.</p> <p>3. Related regulations have been fully implemented and we continue to organize training courses to promote the ideals.</p>	Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
II. Ethical Management Practice				
(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation; the team is also in charge of the following matters, which shall be reported to the Board of Directors by the Corporate Governance Officer regularly at least once a year. The Corporate Governance Officer reported to the Board of Directors on matters related to ethical corporate management on November 2, 2023, including: 1. Formulate and implement regulations relating to ethical management policies in accordance with the framework of law. 2. Regularly analyze and evaluate the risk of unethical behavior within the business scope. 3. The Company has planned its internal organizational	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.



Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(III) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		<p>structure and placed a control mechanism on business activities with higher risk of dishonest conduct in the business scope.</p> <p>4. It promoted and coordinated of honesty policy advocacy training.</p> <p>5. Develop a whistle-blowing system and ensure its implementation effectiveness.</p> <p>6. Assist the Board of Directors and the President in reviewing and assessing whether the prevention measures taken for the purpose of implementing ethical corporate management are carried out effectively, and prepare reports on the regular assessment of compliance with operating procedures.</p> <p>(III) The Company has formulated the Code for Ethical Conduct of Directors and Managerial Officers to prevent conflict of interest and provide suitable channels for Directors, managers, and employees to explain any potential conflict of interest with the Company.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit	V		<p>(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report to the Audit Committee and the Board of Directors. CPAs appointed by the</p>	Consistent with the Ethical Corporate Management Best Practice Principles



Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(V) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	V		<p>Company regularly perform internal audits and hold discussions with the management. The internal audit unit, after assessing risks, has drafted the audit plan for the next year, which incorporates the items under “Management of Reporting Illegal and Unethical or Dishonest Behavior,” so as to audit the compliance with the Company’s Unethical Conduct Prevention Program.</p> <p>(V) To help employees understand professional ethical regulations, the Company published related regulations on the corporate website and continues to invite renowned academics and experts to provide training and awareness programs for Directors, managerial officers, employees, and substantial controllers so they understand the Company’s resolve for implementing ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct. In 2023, the Company conducted 148 person-times and 270.5 hours of education and training related to integrity management issues. The breakdown of the courses is as follows:</p>	<p>for TWSE/TPEX Listed Companies.</p> <p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>



Evaluation item	Implementation status (Note)					Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons			
	Yes	No	Summary Description						
				Courses	Hours of the Course	Number of participants	Total Training Hours		
				[Integrity Seminar] Cybersecurity Pitfalls: Stop, Look, and Listen	2	68	136		
				[Integrity Seminar] Video Promotion: Video of Preventing Insider Trading	0.5	19	9.5		
				[Integrity Seminar] Legal Awareness and Response Required in the Age of Smart Technology	2	26	52		
				[Integrity Seminar] Legal Advocacy - Insider Trading and Gender Equality	2	25	50		
				[Integrity Seminar] Prevention of Illegal Violations in the Workplace	2	7	14		
				[Integrity Seminar] Copyright Protection and Fair Use	3	2	6		
				[Integrity Seminar] Case Studies of Insider Trading and Related Legal Responsibilities	3	1	3		
				Total		148	270.5		
III. Implementation of Complaint Procedures									
(I) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle blowing channels, and appointed appropriate personnel specifically?	V		(I)	The Company’s Board of Directors passed the Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct and disclosed such procedures on the Company’s official website (https://www.acme-ferrite.com.tw/Offical_Zone/CorporateGovernance). The					Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX

Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>Company has specified the whistle-blowing channels, incentive system, dedicated personnel, and whistle-blower protection, stated as follows:</p> <ol style="list-style-type: none"> <li>Report channels: <ol style="list-style-type: none"> <li>In-person: Face-to-face explanation.</li> <li>By telephone: 02-26503783</li> <li>By mail: Audit Office, 7F, No. 37, Jihu Road, Neihu District, Taipei City.</li> </ol> </li> <li>Reward system: <p>Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the President to provide the reporter with appropriate rewards.</p> </li> <li>Responsible personnel: <ol style="list-style-type: none"> <li>Audit Committee: Accept reports from shareholders, investors, and other stakeholders.</li> <li>Audit Office: Accept reports from customers, suppliers, and contractors.</li> <li>HR Department: Accept reports from employees.</li> </ol> </li> <li>Whistleblower protection: <p>Whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully</p> </li> </ol>	Listed Companies.



Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
(II) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		<p>maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistleblower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report.</p> <p>(II) The measures mentioned in the preceding paragraph specify the standard operating procedures for investigating the case being exposed by the whistleblower and the relevant confidentiality mechanism; where whistleblower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary for investigation, the case may still be reported to the Chairman/President before the case is handled and recorded as a reference for internal review. After a report is accepted, an investigation will be conducted for internal evidence. If it is proved to be true, the Company will handle it based on its illegal violation or the severity of violation in accordance with the disciplinary regulations and relevant laws.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		<p>(III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed relevant regulations and information on ethical corporate management on the Company's website, which is available for employees at any time. (website: <a href="https://www.acme-ferrite.com.tw/Offical_Zone/CorporateGovernance#03">https://www.acme-ferrite.com.tw/Offical_Zone/CorporateGovernance#03</a> ). In addition, the Company also disclose information related to good-faith operation and promotion achievements in the annual report and the Market Observation Post System.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
V. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: The Company has established its Code for Ethical Conduct of Directors and Managerial Officers, the Ethical Management Best Practice Principles, the Procedures and Guidelines for Integrity Management, the "Code of Conduct for Employees Regarding Concurrent and Part-time Work", and the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct". There was no material discrepancy during the implementation of these rules and regulations.				
VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the Company's reviewing and amending of its ethical corporate management best practice principles): 1. By referring to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" promulgated by the competent authority, the Company has formulated own "Ethical Management Best Practice Principles, the Procedures and Guidelines for Integrity Management and the Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct, which has been effective after reporting to and approving by the Board of Directors. The same rule shall apply to any amendments thereof. The Corporate Governance Officer reports to the Board of Directors at least annually on the implementation matters of ethical management. Matters of ethical management of 2023 have been reported to the Board of Directors on				



Evaluation item	Implementation status (Note)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
November 2, 2023.				
2. In accordance with the Corporate Governance Best Practice Principles amended by the competent authority in August 2022, the Company amended the Procedures and Guidelines for Integrity Management to specify that, in addition to the prohibition of insider trading, the Company’s directors shall not trade in the Company’s shares during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report. Throughout the fiscal year 2023, none of the directors of our company reported any stock transfers during the closed period.				

Note: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in the explanation column for each item.



(VIII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched

As of the date of publication, the Company has a Corporate Governance Best Practice Principles and related regulations, such as: the Articles of Incorporation, the Procedures for Acquisition or Disposal of Assets, the Procedures for Endorsement and Guarantee, the Procedures for Lending Funds to Others, the Code for Ethical Conduct of Directors and Managerial Officers, the Rules of Procedures for Board Meetings, the Rules of Procedures for Shareholders' Meetings, the Organizational Procedures for the Audit Committee, the Code of Practice for Sustainable Development, the Organizational Procedures for the Sustainable Development Committee, the Organizational Procedures for the Remuneration Committee, the Code of Conduct for Integrity, the Procedures for Handling Internal Material Information, , the Procedures and Guidelines for Integrity Management, the Rules for Evaluating the Performance of the Board of Directors, the Rules Governing the Scope of Responsibilities of Independent Directors, the Rules for Handling Reports of Illegal, Unethical or Dishonest Conduct, and the Standard Procedures for Handling Directors' Requests, etc. For details, please refer to the following website:

1. Corporate Governance section of the Market Observation Post System (<https://mops.twse.com.tw>).
2. Website of the Company (<https://www.acme-ferrite.com.tw>).

(IX) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:

The Company regularly performs audit of its subsidiaries, and regularly analyzes and reviews the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.

(X) The section on the state of implementation of the company's internal control system shall furnish the following:

1. Statement of Internal Control:

Acme Electronics Corporation

Statement of Internal Control System:

Date: March 5, 2024

Based on the results of the self-assessment of the Company's internal control system for the year ended December 31, 2023, the Company declares the following:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. The purpose of this system is to provide reasonable assurance regarding the effectiveness and efficiency of operations (including profitability, performance, and safeguarding assets), reliability of reporting, timeliness, transparency, and compliance with relevant regulations and laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the Company's internal control systems are equipped with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The items for the determination of internal control systems adopted in the Regulations has identified five key components based on management control processes: (1) control environment, (2) risk assessment, (3) control operations, (4) information and communication, and (5) monitoring operations. Each component includes a number of items. For the aforementioned items, please refer to the provisions of Handling Guidelines.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.





- V. Based on the above results, the Company believes that the design and implementation of its internal control systems (including supervision and management of its subsidiaries), as of December 31, 2023 and understanding the level of goal achievement in regards to operational benefits and efficiency, as well as whether the reporting is reliable, timely and transparent and whether it complies with the relevant laws and regulations, is effective and can reasonably assure the accomplishment of the abovementioned goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Should the aforesaid content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. In witness whereof, this statement was approved by the Board of Directors of the Company on Mar. 5, 2024, among which 9 Directors were present, all agreeing to the contents of this statement.

Acme Electronics Corporation

Chairman of the Board: Wu, Yi-Guo (signature/seal)



President: Wu, Wen-Hao



(signature/seal)

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

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

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

1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Material Resolutions
2023	2023/5/26	<p>The minutes of the Shareholders' Meeting were posted onto MOPS on June 13, 2023. The material resolutions and their status of implementation are as follows:</p> <ol style="list-style-type: none"> <li>1. Ratify the 2022 Account Book. Implementation status: Adopted.</li> <li>2. Ratify the 2022 Deficit Compensation. Implementation status: Adopted.</li> <li>3. Discuss the amendment to Articles of Incorporation Implementation status: Adopted, and implemented according to the resolution passed by the Shareholders' Meeting.</li> <li>4. Discuss the amendment to the Rules of Procedure for Shareholders' Meetings. Implementation status: Adopted, and implemented according to the resolution passed by the Shareholders' Meeting.</li> <li>5. Discuss the amendment to the Procedures for Election of Directors.</li> </ol>



Year of Meeting	Date of Meeting	Material Resolutions
		<p>Implementation status: Adopted, and implemented according to the resolution passed by the Shareholders' Meeting.</p> <p>6. Re-elect the nine directors for the Company:          6 elected as directors: Wu, Yi-Gui, Hsu, Shan-Ko, Cheng, Hui-Ming, Wu, Wen-Hao, Wu, Hsien-Tsung, and Huang, Chun-Hui.          3 elected as independent directors: Chang, Lee-Chiou, Chen, Piao-Chun, and Lin, Shun-Tian.</p> <p>Implementation status: The 9 directors elected at the current shareholders' meeting (including 3 independent directors) will serve a three-year term from May 26, 2023 to May 25, 2026, and will assume office after the current shareholders' meeting.</p> <p>7. Discuss the removal of the non-compete clause for the newly-appointed Directors          Implementation status: Adopted.</p>

## 2. Board of Directors

Session (Year) of Meeting	Date of Meeting	Material Resolutions
The 16th meeting of the 11th term (1st Meeting in 2023)	2023/1/5	<ol style="list-style-type: none"> <li>1. Approve the proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.</li> <li>2. Approve the proposal to provide endorsement and guarantee to Acme Electronics (Guangzhou) Co., Ltd., a subsidiary of the Company.</li> <li>3. Approve the Budget for 2023.</li> </ol>
The 17th meeting of the 11th term (2nd Meeting in 2023)	2023/3/2	<ol style="list-style-type: none"> <li>1. Approve the 2022 Account Book.</li> <li>2. Approve the 2022 Deficit Compensation.</li> <li>3. Approve the amendment of certain articles in the Articles of Incorporation</li> <li>4. Approve the amendment to certain articles of the Rules of Procedure for</li> </ol>

Session (Year) of Meeting	Date of Meeting	Material Resolutions
		<p>Shareholders' Meetings.</p> <p>5. Approve the amendment of certain articles in Procedures for Election of Directors.</p> <p>6. Approved the re-election of directors at the Annual General Meeting this year.</p> <p>7. Approved the recommendation to lift competition restrictions against newly elected directors at the general shareholders' meeting.</p> <p>8. Approve matters related to the convening of the 2023 Annual General Meeting.</p> <p>9. Approve the period for accepting shareholder's proposals and place.</p> <p>10. Approve the 2023 evaluation of the independence and competency of appointed CPAs.</p> <p>11. Approve the appointment of CPAs for 2023.</p> <p>12. Approve the amendment to certain articles of the ESG Best Practice Principles.</p> <p>13. Approve the issuance of the 2022 Statement on Internal Control System.</p>
The 18th meeting of the 11th term (3rd Meeting in 2023)	2023/4/10	Approve the list of director candidates nominated by shareholders holding over 1% of the Company's shares (including independent directors).
The 19th meeting of the 11th term (4th Meeting in 2023)	2023/5/2	<p>1. Approve the 1Q2023 Consolidated Financial Statements.</p> <p>2. Approve the amendments to the Company's internal control system.</p>
The 1st meeting of the 12th term (5th Meeting in 2023)	2023/6/6	<p>1. Elect Mr. Wu Yi-Gui as the Chairman of the Board of Directors of the Company.</p> <p>2. Approve the appointment of Chang, Lee-Chiou, Chen, Piao-Chun, and Lin, Shun-Tian as members of the Remuneration Committee of the Company.</p>
The 2nd meeting	2023/7/31	1. Approve the 2Q2023 Consolidated



Session (Year) of Meeting	Date of Meeting	Material Resolutions
of the 12th term (6th Meeting in 2023)		<p>Financial Statements.</p> <ol style="list-style-type: none"> <li>2. Approve the change of the certified public accountant.</li> <li>3. Approve the managerial competitive behavior.</li> <li>4. Approve the managerial competitive behavior.</li> <li>5. Approve the establishment of the Sustainable Development Committee and the formulation of the Organizational Procedures of the Sustainable Development Committee.</li> <li>6. Approve the appointment of Lin, Shun-Tian and Chen, Piao-Chun as members of the Sustainable Development Committee of the Company.</li> </ol>
The 3rd meeting of the 12th term (7th Meeting in 2023)	2023/11/2	<ol style="list-style-type: none"> <li>1. Ratify the 5-year guarantee limit for machinery equipment signed with Yuanta Commercial Bank.</li> <li>2. Ratify the renewal of a two-year unsecured comprehensive credit line signed with Mega International Commercial Bank.</li> <li>3. Approve the proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.</li> <li>4. Authorize the Chairman to sign and deliver short-term credit loan contracts and related documents to financial institutions</li> <li>5. Approve the establishment of a new company in Malaysia for the production and sales of silicon carbide.</li> <li>6. Approve the 3Q2023 Consolidated Financial Statements.</li> <li>7. Approve the Budget for 2024.</li> <li>8. Approve remuneration of CPAs for 2023.</li> <li>9. Approve the 2024 Annual Audit Plan.</li> </ol>

Session (Year) of Meeting	Date of Meeting	Material Resolutions
		<p>10. Approve the amendment of some provisions in the Regulations on Financial Transactions between Related Parties, Specific Companies, and Corporate Groups.</p> <p>11. Approve the managerial competitive behavior.</p>
The 4th meeting of the 12th term (1st Meeting in 2024)	2024/3/5	<p>1. Approve the 2023 Account Book.</p> <p>2. Approve the 2023 Deficit Compensation.</p> <p>3. Approve the recommendation to lift competition restrictions against directors.</p> <p>4. Approve the appointment of one independent director at this year's annual general meeting of shareholders.</p> <p>5. Approved the recommendation to lift competition restrictions against newly elected directors at the general shareholders' meeting.</p> <p>6. Approve matters related to the convening of the 2024 Annual General Meeting.</p> <p>7. Adopt the period and venue for accepting shareholder proposals.</p> <p>8. Approve the proposal to provide endorsement and guarantee to Acme Electronics (Kunshan) Co., Ltd., a subsidiary of the Company.</p> <p>9. Approve the 2024 evaluation of the independence and competency of appointed CPAs.</p> <p>10. Approve the appointment of CPAs for 2024.</p> <p>11. Approve the amendments to some provisions of the Code of Conduct for Board Meetings.</p> <p>12. Approve the amendments to some provisions in the Audit Committee Charter.</p> <p>13. Approve the amendment of certain</p>



Session (Year) of Meeting	Date of Meeting	Material Resolutions
		articles in Performance Evaluation Measures of the Board of Directors. 14. Approve the issuance of the 2023 Statement on Internal Control System. 15. Agree on the managerial competitive behavior. 16. Approve the change of the Company's accounting manager. 17. Approve the accounting manager's competitive behavior.

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

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

March 31, 2024

TITLE	NAME	DATE OF ASSUMPTION OF DUTY	DATE DISMISSED	REASONS FOR RESIGNATION OR DISMISSAL
ACCOUNTING MANAGER	CHANG, SHENG-CHUANG	2009.01.01	2024.03.05	RESIGNED, and the internal job being reassigned within the USI Group.

## V. Information on CPA Fees:

Unit: In Thousands of New Taiwan Dollars

Name of accounting firm	Names of CPAs	Audit Period	Audit fees	Non-audit fees	Total	Remark
Deloitte & Touche	Wu, Shih-Tsung	2023	2,530	400	2,930	—
	Chang, Cheng-Hsiu					
	Chiu, Cheng-Chun					

Note 1: Non-audit services expenses included NT\$350 thousand for tax verification and NT\$50 thousand for information security management consulting services.

Note 2: The 1Q2023 financial report was audited (reviewed) and signed by Accountants Wu, Shih-Tsung and Chiu, Cheng-Chun. Starting from the second quarter of 2023, the financial reports were audited (reviewed) and signed by Accountants Chang, Cheng-Hsiu and Chiu, Cheng-Chun, in accordance with the rotation system for certified public accounts of Deloitte & Touche.

- (I) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable because no CPA firm is changed.
- (II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: The audit fee of the Company in year 2023 is not reduced by 10% or more compared with that in year 2022, so it is not applicable.





## VI. Information on change of CPA

### (I) Previous CPAs:

Date of Replacement	The Board of Directors approved on July 31, 2023		
Replacement reasons and explanations	Starting from the second quarter of 2023, the financial reports were audited (reviewed) and signed by Accountants Chang, Cheng-Hsiu and Chiu, Cheng-Chun, in accordance with the rotation system for certified public accounts of Deloitte & Touche.		
Describe whether the Company terminated or the CPA did not accept the appointment	<div>Contracting Party</div> <div>Scenario</div>		CPA
	Terminate the appointment		Not applicable
	CPA declined to accept (continue with) the appointment		
Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two fiscal years	Audit reports with unqualified opinions were issued for both 2022 and 2023.		
Differences with the Company	Yes		Accounting principles or practices
			Disclosure of financial report
			Audit scope or procedures
			Others
	None	Description: None	
Other items for disclosure (where Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulation should be disclosed)	None		

### (II) Successor CPAs:

Accounting Firm	Deloitte & Touche
Names of CPAs	Accountants Chang, Cheng-Hsiu and Chiu, Cheng-Chun
Date of Appointment	2023.7.31
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Written opinions from successor CPAs with regards to matters with which former CPAs disagreed	None

(III) Former CPAs reply to Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Regulations: Not applicable.

VII. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged.



(I) Changes in equity interest of directors, supervisors, managerial officers and shareholders holding more than 10% of the shares:

Unit: Shares

Title (Note 1)	Name	2023		Year to March 31, 2024	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Major Shareholder	USI CORPORATION	12,432,234	0	0	0
Director	Wu, Yi-Gui (Representative of USI Corporation)	254,466	0	0	0
	Hsu Shan-Ko (Representative of USI Corporation)	0	0	0	0
Shareholder	Asia Polymer Corporation	744,692	0	0	0
Director	Cheng, Hui-Ming (Representative of Asia Polymer Corporation)	0	0	0	0
	Wu, Wen-Hao (Representative of Asia Polymer Corporation) (Newly appointed on May 26, 2023)	300,245	250,000	0	0
	Wu, Hsien-Tsung (Representative of Asia Polymer Corporation) (Dismissed on May 26, 2023)	0	0	Not applicable	
Shareholder	Taita Chemical Company, Limited	546,537	0	0	0
Director	Wu, Hsien-Tsung (Representative of Taita Chemical Company, Limited) (Newly appointed on May 26, 2023)	0	0	0	0
	Huang, Chun-Hui (Representative of Taita Chemical Company, Limited)	0	0	0	0

Title (Note 1)	Name	2023		Year to March 31, 2024	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
	Wu, Wen-Hao (Representative of Taita Chemical Company, Limited) (Dismissed on May 26, 2023)	0	0	Not applicable	
Independent Director	Chen, Piao-Chun	0	0	0	0
	Chang, Lee-Chiou	0	0	0	0
	Lin, Shun-Tian	0	0	0	0
CEO	Wu, Yi-Gui	254,466	0	0	0
President	Wu, Wen-Hao	300,245	250,000	0	0
Deputy General Manager	Liang, Ching-Chin	55,033	0	0	0
	Yang, Fu-Tien	28,000	0	0	0
Associate Manager	Lin, Chu-Nan	0	0	0	0
	Chen, Po-Tzu	77,521	0	0	0
	Chen, Chien-Chi	49,181 (10,000)	0	0	0
	Wang, Min-Hua	30,614	0	0	0
	Shih, Pei-Chao	45,491	0	0	0
	Hsia, Chih-Hua	0	0	0	0
	Cheng, Kuo-Wei (newly appointed on January 2, 2024)	Not applicable		0	0
Corporate Governance Officer	Chen, Yung-Chih	0	0	0	0
Chief Financial Officer	Yvonne Fang	3,796	0	0	0
Accounting Manager	Chang, Sheng-Chuang (dismissed on March 5, 2024)	36,251	0	0	0
Accounting Manager	Lin, Su-Ying (Newly Appointed on March 5, 2024)	Not applicable		0	0

Note 1: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2: If the counterparty of a transfer of shareholding or a pledge of shareholding is



a related party, additionally complete the table below.

Note 3: The CEO and the president of the Company are also directors of the Company, the number of shares increased or decreased is the same data.

(II) Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged: None.

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

Information of the top 10 shareholders in terms of number of shares held, who are related parties of each other

March 30, 2024; Unit: shares

NAME (NOTE 1)	SHARES HELD IN PERSON		SHARES HELD BY SPOUSE AND UNDERAGE CHILDREN		TOTAL SHARES HELD THROUGH NOMINEES		TITLE OR NAME AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR EACH OTHER'S SPOUSES AND RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		REMARK
	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Name	Relationship	
USI CORPORATION	61,682,967	28.96%	—	—	0	0%	Note 4	Same representative	—
Representative: Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%			
USIFE Investment Co., Ltd.	20,280,230	9.52%	—	—	0	0%	Note 4	Same representative	—
Representative: Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%			
Asia Polymer Corporation	6,801,315	3.19%	—	—	0	0%	Note 4	Same representative	—
Representative: Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%			

NAME (NOTE 1)	SHARES HELD IN PERSON		SHARES HELD BY SPOUSE AND UNDERAGE CHILDREN		TOTAL SHARES HELD THROUGH NOMINEES		TITLE OR NAME AND RELATIONSHIP OF TOP 10 SHAREHOLDERS WHO ARE RELATED PARTIES OR EACH OTHER'S SPOUSES AND RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP. (NOTE 3)		REMARK
	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Number of shares	Percentage of Ownership (%)	Name	Relationship	
Taita Chemical Company, Limited	4,991,556	2.34%	—	—	0	0%	Note 4	Same representative	—
Representative: Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%			
Emerald Investment Corporation	4,053,530	1.90%	—	—	0	0%	Note 4	Same representative	—
Representative: Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%			
China General Plastics Corporation	3,566,526	1.67%	—	—	0	0%	Note 4	Same representative	—
Representative: Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%			
APC Investment Corporation	3,116,262	1.46%	—	—	0	0%	Note 4	Same representative	—
Representative: Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%			
Li, Ying-Chi	1,581,000	0.74%	928,200	0.44%	0	0%	None	None	—
Wu, Yi-Gui	1,510,750	0.71%	—	—	0	0%	Note 4	Note 4	—
Zheng, Wen-yu	1,335,217	0.63%	0	0%	0	0%	None	None	—

Note 1: All the top 10 shareholders should be listed. For institutional shareholders, their names and the name of their representatives shall be listed separately.

Note 2: Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural person shareholders should be disclosed.

Note 4: Mr. Wu, Yi-Gui is the representative of USI Corporation, USIFE Investment Co., Ltd., APC Investment Corporation, Taita Chemical Company, Limited, Emerald Investment Corporation, China General Plastics Corporation, and APC Investment Corporation.



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

Unit: shares/%

Investee enterprise(note )	Investment by the Company 2023.12.31		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment 2023.12.31	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Golden Amber Enterprises Ltd.	20,800,000	100%	0	0	20,800,000	100%
Acme Electronics (Cayman) Corp.	36,675,541	60.10%	0	0	36,675,541	60.10%
USI Optronics Corporation	22,064,224	34.00%	39,559,616	60.95%	61,623,840	94.95%

Note: It is a long-term investment of the Company.

## Chapter 4 Capital Overview

### I. Capital and shares:

#### (I) Sources of share capital:

Unit: Thousands of Shares / Thousands of New Taiwan Dollars

MM/YYYY	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital paid in by assets other than cash	Others
1991.09.05	10	15,000	150,000	15,000	150,000	Initial stock offering by cash	—	
1992.09.30	10	30,000	300,000	30,000	300,000	Capital increased by cash	—	
1996.11.12	13	50,000	500,000	50,000	500,000	Capital increased by cash	—	J. (1996) S.Z. No. 120406
2000.07.05	10	33,850	338,500	33,850	338,500	Capital reduction	—	(2000) T.C.Z. (Y.) No. 54845
2000.08.09	15	40,000	400,000	40,000	400,000	Capital increased by cash	—	(2000) T.C.Z. (Y.) No. 54845
2001.08.01	10	53,400	534,000	53,400	534,000	Retained earnings	—	(2001) T.C.Z. (Y.) No. 140848
2002.08.01	10	63,600	636,000	63,600	636,000	Retained earnings	—	(2002) T.C.Z. Y. No. 0910136029
2004.08.18	10	72,068	720,680	68,888	688,880	Retained earnings	—	J.G.Z.Y.Z. No. 0930132880
2005.08.30	10	79,156	791,568	75,976	759,768	Retained earnings	—	J.G.Z.Y.Z. No. 0940131391
2006.08.10	10	150,000	1,500,000	85,294	852,940	Retained earnings	—	J.G.Z.Y.Z. No. 0950129106
2006.09.30	10	150,000	1,500,000	85,961	859,610	Exercise of employee stock options	—	2006.10.23 J.S.S.Z. No. 09501238560
2007.03.22	10	150,000	1,500,000	86,213	862,130	Exercise of employee stock options	—	2007.04.03 J.S.S.Z. No. 09601067110
2007.06.23	10	150,000	1,500,000	86,318	863,180	Exercise of employee stock options	—	2007.07.04 J.S.S.Z. No. 09601149180
2007.08.14	10	150,000	1,500,000	90,816	908,161	Retained earnings	—	J.G.Z.Y.Z. No. 0960035882
2007.08.23	10	150,000	1,500,000	90,856	908,561	Exercise of employee stock options	—	2007.09.12 J.S.S.Z. No. 09601223900
2007.09.19	35	150,000	1,500,000	105,856	1,058,561	Capital increased by cash	—	J.G.Z.Y.Z. No. 0960035883





MM/YYYY	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital paid in by assets other than cash	Others
2007.12.24	10	150,000	1,500,000	106,302	1,063,021	Exercise of employee stock options	—	2008.01.14 J.S.S.Z. No. 09701003390
2008.03.20	10	150,000	1,500,000	106,818	1,068,181	Exercise of employee stock options	—	2008.04.17 J.S.S.Z. No. 09701093630
2008.08.18	10	150,000	1,500,000	114,459	1,144,592	Retained earnings	—	2008.09.09 J.S.S.Z. No. 09701224330
2008.12.26	10	150,000	1,500,000	114,739	1,147,392	Exercise of employee stock options	—	2009.02.02 J.S.S.Z. No. 09801006150
2009.07.07	10	150,000	1,500,000	114,854	1,148,542	Exercise of employee stock options	—	2009.07.24 J.S.S.Z. No. 09801164660
2009.12.23	10	150,000	1,500,000	115,072	1,150,722	Exercise of employee stock options	—	2010.01.07 J.S.S.Z. No. 09901001820
2010.03.22	10	150,000	1,500,000	115,331	1,153,312	Exercise of employee stock options	—	2010.04.07 J.S.S.Z. No. 09901067700
2010.07.12	10	150,000	1,500,000	115,400	1,154,002	Exercise of employee stock options	—	2010.08.10 J.S.S.Z. No. 09901178890
2010.08.23	10	150,000	1,500,000	115,551	1,155,512	Exercise of employee stock options	—	2010.09.07 J.S.S.Z. No. 09901200850
2010.12.30	10	150,000	1,500,000	115,824	1,158,242	Exercise of employee stock options	—	2011.01.27 J.S.S.Z. No. 10001019260
2011.03.22	10	150,000	1,500,000	115,935	1,159,352	Exercise of employee stock options	—	2011.04.01 J.S.S.Z. No. 10001065580
2011.06.30	10	150,000	1,500,000	116,892	1,168,922	Exercise of employee stock options	—	2011.07.22 J.S.S.Z. No. 10001162740
2011.08.25	10	180,000	1,800,000	163,239	1,632,395	Retained earnings	—	2011.09.08 J.S.S.Z. No. 10001209180
2011.08.30	10	180,000	1,800,000	164,141	1,641,415	Exercise of employee stock options	—	2011.09.15 J.S.S.Z. No. 10001214750
2011.12.31	10	180,000	1,800,000	164,240	1,642,405	Exercise of employee stock options	—	2012.01.13 J.S.S.Z. No. 10101006310
2012.03.22	10	180,000	1,800,000	164,396	1,643,965	Exercise of employee stock options	—	2012.04.12 J.S.S.Z. No. 10101060880
2012.07.05	10	180,000	1,800,000	164,483	1,644,835	Exercise of employee stock options	—	2012.07.24 J.S.S.Z. No. 10101150560

MM/YYYY	Issue price	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of share capital	Capital paid in by assets other than cash	Others
2012.08.15	10	250,000	2,500,000	180,909	1,809,087	Retained earnings	—	2012.08.29 J.S.S.Z. No. 10101178680
2012.08.30	10	250,000	2,500,000	181,450	1,814,497	Exercise of employee stock options	—	2012.09.19 J.S.S.Z. No. 10101194210
2012.12.28	10	250,000	2,500,000	181,477	1,814,767	Exercise of employee stock options	—	2013.01.10 J.S.S.Z. No. 10201006650
2013.03.27	10	250,000	2,500,000	181,538	1,815,377	Exercise of employee stock options	—	2013.04.11 J.S.S.Z. No. 10201065890
2013.05.17	10	250,000	2,500,000	181,587	1,815,867	Exercise of employee stock options	—	2013.06.05 J.S.S.Z. No. 10201103360
2013.08.15	10	250,000	2,500,000	182,074	1,820,737	Exercise of employee stock options	—	2013.08.30 J.S.S.Z. No. 10201178340
2013.12.26	10	250,000	2,500,000	182,171	1,821,707	Exercise of employee stock options	—	2014.01.20 J.S.S.Z. No. 10301003980
2014.03.21	10	250,000	2,500,000	182,289	1,822,887	Exercise of employee stock options	—	2014.04.09 J.S.S.Z. No. 10301059870
2014.05.19	10	250,000	2,500,000	182,293	1,822,927	Exercise of employee stock options	—	2014.05.30 J.S.S.Z. No. 103012012210
2014.08.16	10	250,000	2,500,000	182,303	1,823,027	Exercise of employee stock options	—	2014.09.01 J.S.S.Z. No. 10301180550
2015.05.19	10	250,000	2,500,000	182,378	1,823,777	Exercise of employee stock options	—	2015.06.05 J.S.S.Z. No. 10401105520
2015.11.16	10	250,000	2,500,000	182,423	1,824,227	Exercise of employee stock options	—	2015.12.08 J.S.S.Z. No. 10401252140
2018.03.20	10	250,000	2,500,000	182,431	1,824,307	Exercise of employee stock options	—	2018.04.09 J.S.S.Z. No. 10701034080
2019.03.20	10	250,000	2,500,000	182,471	1,824,707	Exercise of employee stock options	—	2019.04.17 J.S.S.Z. No. 10801036830
2019.05.17	10	250,000	2,500,000	182,994	1,829,937	Exercise of employee stock options	—	2019.05.31 J.S.S.Z. No. 10801062840
2023.02.06	10	300,000	3,000,000	212,994	2,129,937	Capital increased by cash	—	2023.02.06 J.S.S.Z. No. 11230012240



March 30, 2024; Unit: shares

Types of Shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Ordinary Shares	212,993,743	87,006,257	300,000,000	TPEX-listed

Information on the shelf registration system

Types of securities	Amount of scheduled issuance		Amount issued		The purpose and expected benefits of the issued shares	Unissued shares scheduled time of issuance	Remark
	Total number of shares	Approved amount	Number of shares	Price			
Not applicable							

(II) Shareholder Structure:

March 30, 2024; Unit: shares

Shareholder Structure Quantity	Government Institutions	Financial Institutions	Other Juristic Persons	Individual	Foreign Institutions and Individuals	Total
Number of Shareholders	0	0	166	28,713	29	28,908
Number of shares	0	0	104,775,425	107,042,334	1,175,984	212,993,743
Shareholding ratio	0%	0%	49.19%	50.26%	0.55%	100%

Note: Companies primarily listed on the TWSE or the TPEX shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, corporations, organizations, other institutions or companies invested in areas other than Taiwan and Mainland China as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Distribution of Equity Ownership:

Ordinary Shares

March 30, 2024

Shareholding Range	Number of	Number of	Shareholding
1 to 999	15,703	692,360	0.33%
1,000 to 5,000	9,922	20,650,405	9.69%
5,001 to 10,000	1,599	12,406,539	5.82%
10,001 to 15,000	539	6,704,084	3.15%
15,001 to 20,000	322	5,828,843	2.74%
20,001 to 30,000	315	7,975,932	3.74%
30,001 to 40,000	132	4,604,919	2.16%
40,001 to 50,000	81	3,668,963	1.72%
50,001 to 100,000	162	11,274,732	5.29%
100,001 to 200,000	72	10,110,766	4.75%
200,001 to 400,000	33	8,381,808	3.94%
400,001 to 600,000	10	4,873,052	2.29%
600,001 to 800,000	5	3,386,787	1.59%
800,001 to 1,000,000	1	928,200	0.44%
1,000,001 and above (This range can be further classified where necessary)	12	111,506,353	52.35%
Total	28,908	212,993,743	100%

Preferred shares (None)

(IV) List of major shareholders: list the shareholders with a Shareholding ratio of more than 5%. If there are less than 10 shareholders, the names of the top 10 shareholders with a Shareholding ratio, the amount of shareholding and the proportion of shareholding should be disclosed:

March 30, 2024

Type of Shares	Number of shares	Shareholding ratio
Name of major shareholder		
USI CORPORATION	61,682,967	28.96%
USIFE Investment Co., Ltd.	20,280,230	9.52%
Asia Polymer Corporation	6,801,315	3.19%
Taita Chemical Company, Limited	4,991,556	2.34%
Emerald Investment Corporation	4,053,530	1.90%
China General Plastics Corporation	3,566,526	1.67%
APC Investment Corporation	3,116,262	1.46%



Type of Shares	Number of shares	Shareholding ratio
Name of major shareholder		
Li, Ying-Chi	1,581,000	0.74%
Wu, Yi-Gui	1,510,750	0.71%
Zheng Wen-yu	1,335,217	0.63%

(V) Market Price, Net Worth Per Share, Earnings Per Share, Dividends Per Share and Related Information in the Most Recent Two Fiscal Years

Unit: New Taiwan Dollars (NT\$)/Share

Item		Year	2022	2023	Year to March 31, 2024(Note 8)
Market Price Per Share (Note 1)	Highest		54.10	33.45	30.15
	Lowest		22.70	22.30	22.7
	Average		36.12	28.71	24.98
Net Worth Per Share (Note 2)	Before Distribution		7.53	8.31	8.81
	After Distribution		7.53	— (Note 9)	—
Earnings per Share (Note 3)	Weighted average shares (in thousands of shares)		182,994	211,744	212,994
	Earnings per Share	Before Adjustment	0.09	(0.81)	0.26
		After adjustment	0.09	(0.81)( Note 9)	—
Earnings per Share	Cash dividends		0	0(Note 9)	—
	Stock dividends	Dividends from retained earnings	0	0(Note 9)	—
		Dividends from capital surplus	0	0(Note 9)	—
	Accumulated Undistributed dividends (Note 4)		0	0	—
Dividends per share	Price/earning ratio (Note 5)		363.11	(32.67)	—
	Price/dividend ratio (Note 6)		—	— (Note 9)	—
	Yield on cash dividend (Note 7)		0%	0%( Note 9)	—

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board Meeting or Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.

Note 5:  $\text{Price/earnings ratio} = \text{Average closing price per share for the current fiscal year} / \text{earnings per share}$ .

Note 6:  $\text{Price/dividend ratio} = \text{Average closing price per share for the current fiscal year} / \text{cash dividend per share}$ .

Note 7:  $\text{Cash dividend yield} = \text{Cash dividends per share} / \text{Average closing price per share for the year}$ .

Note 8: The net worth per share and earnings per share up to the quarter nearest to the date of publication of the Annual Report that has been audited (reviewed) by the CPAs shall be filled in; the remaining fields shall be filled with the annual data up to the date of publication of the Annual Report.

Note 9: The Board of Directors approved the proposed loss appropriation plan for FY2023, pending recognition by the 2024 Annual General Meeting of Shareholders.

#### (VI) Company Dividend Policy and Implementation:

##### 1. Dividend policy set forth in the Company's Articles of Incorporation:

If the Company has net profits after tax according to its annual financial account, the Company may, after making up all past losses, set aside a 10% legal reserve from the remainder, if any. The remaining allocable earnings, if any, plus the accumulated unappropriated earnings for prior years and the balance after provision or reversal of special earnings required by the competent authority, shall be accumulated allocable earnings, which shall be allocated



according to the proposal drafted by the Board of Directors and resolution made by a general shareholders' meeting duly. The shareholders' meeting may retain the earnings, in whole or in part, subject to the overview of business.

As the industry which the Company is engaged in refers to a growing phase, when resolving to allocate earnings, in consideration of the future funding needs and financial plan, the shareholders' dividend allocable shall be no less than 10% of the allocable earnings, including the cash dividend no less than 10% of the whole dividends. Notwithstanding, no dividend shall be allocated, if the allocable earnings per share is less than NT\$0.1.

2. Distribution of dividends proposed at the most recent Shareholders' Meeting:

The Company's Board of Directors' meeting on March 5, 2024 approved the proposed non-distribution of dividends to shareholders, pending recognition at the 2024 Annual General Meeting of Shareholders.

3. Any expected material changes to the dividend policy should further be explained:

The Company's dividend policy is not expected to experience any material changes as of the publication date of this annual report.

(VII) The impacts of issuing stock dividends in the year on the Company's operational performance and dividend per share:

Unit: NT\$

Item		Year	2024 (Estimated)
Beginning paid-in capital			2,129,937,430
Distribution of dividends for the year (Note 1)	Cash dividends per share		—
	Stock dividends from retained earnings per share		—
	Stock dividends from capital surplus per share		—
Changes in business performance	Operating income		Not applicable (Note 2)
	Percentage of increase (decrease) in operating profit over the same period in the previous fiscal year		
	Net income after taxes		
	Percentage of increase (decrease) in Net income after taxes over the same period in the previous fiscal year		
	Earnings per Share		
	Percentage of increase (decrease) in EPS over the same period in the previous fiscal year		
	Annual average return on investment (reciprocal of average annual price/earnings ratio)		
Pro forma earnings per share and price/earnings ratio	If capital increase from retained earnings is entirely replaced by distribution of cash dividends	Pro forma earnings per share	
		Pro forma average annual return on investment	
	If capital surplus are not used for capital increase	Pro forma earnings per share	
		Pro forma average annual return on investment	
	If capital surplus are not used for capital increase and capital increase by retained earnings is replaced by cash dividend distribution	Pro forma earnings per share	
		Pro forma average annual return on investment	

Note 1: Distribution of dividends in 2024 is based on the profit distribution plan approved by the Board of Directors on March 5, 2024.

Note 2: The Company has no regulations in place for the publication of its financial forecast. Hence, changes in the Company's operating performance, pro forma earnings per share and price-to-earnings ratio are not applicable.





(VIII) Rewards Distributed to Employees and Directors

1. Percentage or range of rewards distributed to employees and directors as stipulated in the Company's Articles of Incorporation:

If the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance.

Said compensation to employees may be allocated in the form of shares or in cash, including the employees of the Company's subsidiaries meeting certain specific requirements entitled to receive shares or cash. The specific requirements shall be defined by the Board of Directors.

2. Basis for estimating the amount of rewards to be distributed to employees and directors, basis for calculating the number of shares to be distributed as employee rewards and accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed for this period:
  - (1) The basis for estimating the amount of employee and director's rewards: The amount of employee and director's remuneration was not estimated in fiscal year 2023 of the Company due to a pre-tax net loss.
  - (2) Basis for calculating the number of shares to be distributed as employee rewards: Not applicable.
  - (3) Accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed: If there is any material change made to the amount of rewards upon approval by the Board of Directors, such changes shall be adjusted as annual expenses in the current fiscal year.

3. The Board of Directors approved the distribution of rewards:
- (1) Rewards for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the aforementioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:
    - a. Rewards allocated to employees and directors: None.
    - b. Discrepancy between the amount and the estimate for the year: None
    - c. Reason for the difference with the estimate: Not applicable.
    - d. Processing conditions: Not applicable.
  - (2) The amount of employee rewards distributed in stocks and the amount as a percentage of net income stated in the parent company only financial statements or individual financial statements for the current period and total employee rewards: As in (1) above, not applicable.
4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:
- (1) Distribution of rewards to employees and directors in the previous fiscal year:

Unit: NT\$

Item	Proposal for the distribution of rewards to employees and directors for 2022		Discrepancy	Description of Discrepancy
	May 26, 2023 Report to the shareholders' meeting	March 2, 2023 Submit to the Board of Directors		
Director rewards	0	0	0	—
Employee rewards	0	0	0	—



- (2) If there is any discrepancy between the actual amount and the recognized amount of remuneration for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancy should be noted: There is no discrepancy between the actual amount and the recognized amount of remuneration distributed.

(IX) Repurchase of the Company's Own Shares: None.

II. Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Processing status of overseas depositary receipts: None.

V. Processing status of employee stock option certificates: None.

VI. Issuance of New Restricted Employee Shares: None.

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

VIII. Implementation status of fund utilization plan

(I) Content:

As of the end of the previous quarter before the printing date of the annual report, there have been no outstanding or recently completed issuances or private placements of securities within the past three years where the planned benefits have not yet materialized.

(II) Implementation status: Not applicable.

## Chapter 5 Operational Overview

### I. Business Activities

#### (I) Scope of Business

1. Main purpose of the Company's businesses:

The Company and its subsidiaries mainly engage in the manufacturing and sales of manganese zinc and nickel zinc soft ferrite powder, ferrite cores, silicon carbide powder, and other related inductor components.

2. Products and their proportion in operations in 2023:

Unit: In Thousands of New Taiwan Dollars/%

Item	Sales of 2023	Ratio
Soft ferrite powder and ferrite cores	2,213,169	87
High-purity SiC powder	338,577	13

3. Current products (services) of the Company:

- (1) Mn-Zn soft ferrite powder
- (2) Ni-Zn soft ferrite powder
- (3) Mn-Zn soft ferrite cores
- (4) Ni-Zn soft ferrite cores
- (5) High-purity SiC powder

4. New products planned for development:

New products planned to be developed in 113

- (1) Application frequency up to 10MHz of material and ferrite core development.
- (2) Development of 3D/4D transponder core for automotive application
- (3) Development of power material and ferrite core for EV OBC charger application



- (4) High Flux and high Curie temperature choke material and ferrite core for automotive application
- (5) Development of CAN bus material and ferrite core for automotive application
- (6) Development of airbag connector material and ferrite core for automotive application
- (7) Development of amorphous and ultra-fine alloy material and ferrite core
- (8) Development of High temperature / high current material and ferrite core for power supply design
- (9) Development of high-frequency & low loss material and ferrite core for GaN/SiC server application
- (10) Development of high-frequency and high-flux ( $\Delta B > 120\text{mT}$ ) power supply materials and ferrite core
- (11) Development of SiC ceramic powder and trays

## (II) Industry Overview

### 1. Current State and Development of the Industry

#### (1) Ferrite powder and ferrite cores

##### A. Industry Profile

Passive components play the role of basic components in electronic circuits, which cannot operate on their own and need to be supplemented and linked with active components to operate. Passive components can be classified as resistor, capacitor, and inductor, etc. They are essential basic components for various information, communication, consumer and industrial electronic devices. In terms of function, resistors are used to regulate voltage and current in a circuit; capacitors are used for charge storage, AC filtering or bypassing, cutting or blocking DC voltages, and providing

tuning and oscillation; and inductors are used to prevent electromagnetic interference, filter noise in currents, and for power conversion.

The MN-Zn and Ni-Zn ferrite cores produced by our company are inductor materials in passive components, and can be used as upstream material for filters, chokes, ballasts, switch power supplies, various transformers (e.g. inverters, converters, inductors and telecoms), and can be further applied to common electronic products such as (wireless) chargers, cloud servers, desktop computers, notebook computers, liquid crystal displays, smart phones, automotive electronics and communication network devices. Because inductors can stabilize electric current, remove noise and suppress electromagnetic radiation, inductors are widely used in electronic information and consumer products.

#### B. Current State and Development

Inductors are mainly classified as coil type and chip set type. Our Mn-Zn soft ferrite cores and Ni-Zn soft ferrite cores are mainly used in coil type inductors. In 2019, new application areas, such as artificial intelligence, 5G, automotive electronics, and high-speed computing, pushed up the demand for higher-end components. However, due to the weakening demand of some leading terminal brands and the impact of the continued China-US trade problem, the annual output value growth slowed down. In 2020, demand of 5G and automotive electronics applications grew, and the U.S.-China trade war persisted. Demand of stay-at home economy also grew under the influence of the COVID-19 pandemic. The annual growth of passive components was approximately 8%. In 2021, with the steady recovery of the global economy, the increased penetration rate of 5G smart phones and the booming downstream demand of electric



vehicles and industrial controls, the output value continued to climb to a new record, with an annual increase of about 21.6%. In 2022, the passive components industry experienced a slight decline of 5.9% due to negative factors such as global inflation caused by the war between Russia and Ukraine, U.S. raised the interest rate strongly, and epidemic containment in China. In 2023, the passive component market size amounted to NT\$228.4 billion, representing a 6.4% decrease compared to the previous year, primarily due to factors such as weak demand for electronic terminals, inventory adjustments falling short of expectations, and economic slowdown in China.

## (2) High-purity SiC powder

### A. Industry Profile

Silicon Carbide (SiC) is a chemical compound composed of silicon (Si) and carbon (C) elements. It is a widely used non-metallic material that has attracted extensive attention due to some of its unique physical and chemical properties. Here are some key characteristics of silicon carbide and its applications in high-voltage, high-power environments:

- **High voltage resistance:** Silicon carbide material exhibits excellent insulation performance and high voltage resistance, making it highly suitable for use in high-voltage environments. This makes silicon carbide components particularly useful in power conversion and control applications, such as electric vehicles and electric vehicle charging stations.
- **Low loss characteristics:** The low electrical conductivity loss of silicon carbide material results in less heat generation when current passes through it. This makes silicon carbide components perform excellently in high-power applications while reducing energy consumption and increasing efficiency.

- High temperature stability: Silicon carbide can operate stably at extremely high temperatures, which is crucial for applications operating in high-temperature environments. It can be used in fields such as automotive electronics, aerospace, solar power generation, and industrial equipment that require operation at high temperatures.
- High-frequency operation: Due to its high electron mobility, silicon carbide performs well in high-frequency electronic components. This is particularly valuable for applications such as communication equipment, radar systems, and high-frequency power amplifiers.
- Energy-saving and environmentally friendly: Due to its high-efficiency conversion characteristics and low power consumption, silicon carbide contributes to energy savings and reduction of carbon emissions, aligning with the modern trend towards green energy and environmental protection.
- Small size and high integration: SiC semiconductor technology enables smaller device sizes and higher integration, making it possible to achieve more functionality in limited space while reducing costs.

Silicon carbide is a versatile semiconductor material with excellent characteristics such as high voltage, high power, high temperature, and high frequency capabilities. This makes it highly suitable for applications such as electric vehicles, electric vehicle charging stations, green energy equipment, and more. It holds significant potential for further advancements in technology and industrial applications in the future.





## B. Current State and Development

With the continuous evolution of the technology industry, silicon carbide (SiC) material has emerged as a prominent technological trend, offering significant potential for the semiconductor and energy sectors. As a superior semiconductor material, SiC not only boasts outstanding characteristics such as high-temperature stability, high power density, and high electron mobility but also contributes to energy savings and efficiency improvement. This has garnered widespread attention for its applications in electric vehicles, power conversion, solar power generation, and more.

## 2. Upstream, midstream and downstream correlation

### (1) Ferrite powder and ferrite cores

Upstream	Midstream	Downstream	Product Application
Iron oxide Manganese oxide Zinc oxide Nickel oxide Copper oxide	Manganese-zinc ferrite core	Upstream component for power transformers, load coils, choke coils and degaussing coils	Information products: Power supplies, monitors, motherboards, hard drives, optical drives, printers, scanners and other computer peripheral devices
	Nickel-zinc ferrite core		Telecommunication products: Transmission devices such as smartphones, telephones, fax machines, switches and servers, as well as end-user devices
	Manganese-zinc ferrite powder		Consumer electronics: tablets, digital cameras, game consoles, CD/DVD players, LED TV, audio, etc.
	Nickel-zinc ferrite powder		Others: Automobile electronics, medical instruments, solar energy, wireless chargers, etc.

## (2) High-purity SiC powder

Upstream	Midstream	Downstream	Product Application
N-type silicon carbide	Wafer substrate Epitaxy	IC design IDM factory Wafer foundry	Telecommunication, communication equipment sector, electric vehicle charging stations, onboard chargers, etc. The automotive sector remains the central focus, expanding continuously.
Semi-insulating silicon carbide			5G base stations and network communication equipment

### 3. Trends and competition of the products:

#### (1) Ferrite powder and ferrite cores

##### A. Product Trends

Rapid development of 3C products has encouraged downstream manufacturers to continuously launch new products in response to changing consumer demand. With the function of electronic products enhanced and the polarized market trend evolving towards the development of large-sized transformers as well as the development of micro-miniature inductors, customers' demand regarding product characteristics such as functions, materials, and shapes should all be considered into the design of a product's materials, formulas, impedances, dimensions and appearances. The market trend have developed to wide temperature endurance, high frequency, resistance to high electric current and micro-complex size.

##### B. Competition

The Company's products are mainly sold in mainland China. Currently, the Company's principal competitors are the ferrite core manufacturers in mainland China and Japan. Since there are many competitors in this industry, and the price competition is fierce, the Company has established a competitive advantage and market segmentation effectively by enhancing the added value of its products, improving the



manufacturing process to reduce production costs, and bettering the quality of its products. In addition, the Company has established an all-round support service to be in line with customers' need for product development. This has helped the Company shaping competitive advantage in differentiation over other competitors. By cooperating with customers in the research and development of future products, the Company has been able to keep a close eye on market dynamics as well as enhancing its business competitiveness.

## (2) High-purity SiC powder

### A. Product Trends

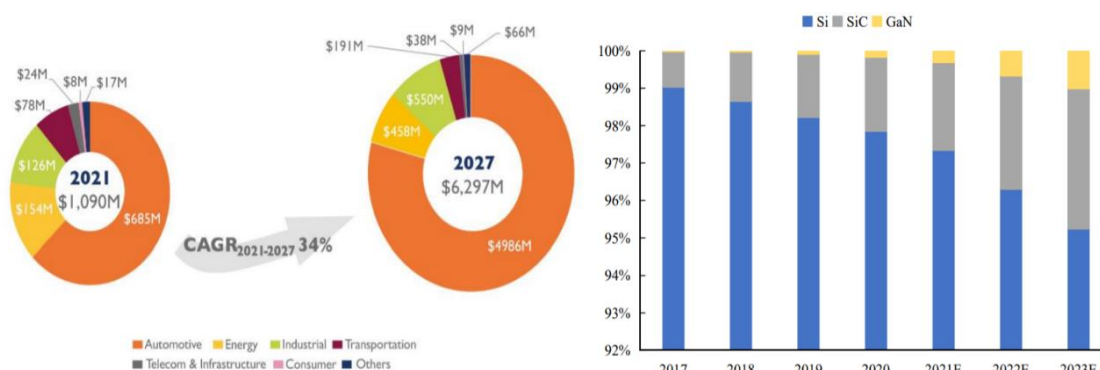
Comparison overview of semiconductor materials from Category 1 to Category 3

Classification	Category 1 Semiconductor	Category 2 Semiconductor	Category 3 Semiconductor
Materials	Silicon, Germanium	Gallium arsenide, Indium phosphide	Gallium nitride, Silicon carbide
Characteristics	Wide range of applications but inability to emit light, and less efficient performance in energy conversion and high-frequency communication compared to category 3 semiconductors.	Processes high-frequency signals faster and can convert signals into light sources such as lasers.	Can withstand higher voltages, exhibits higher conversion efficiency, and has better high-frequency transmission efficiency.
Application	Applications such as logic chips	Power amplifiers for mobile phones and base stations, lasers, optical fiber transmission	LiDAR, automotive diodes, 5G, satellite communication power amplifiers, wind power generation, and other power control systems.
International Business Situation	IDM-focused	IDM-focused	IDM-focused
Domestic Development Situation	Emphasis on specialized division of labor	The wafer foundry industry has performed remarkably	The manufacturing sector is stronger, while the design and packaging testing sectors are weaker.

Source: Wealth Media and the Taiwan Industry Economics Services, February 2023

## B. Competition

Based on the forecast data in the figure, it can be seen that the global silicon carbide (SiC) power semiconductor market size is projected to grow from US\$1.09 billion in 2021 to US\$6.297 billion in 2027. The compound annual growth rate (CAGR) for the period from 2021 to 2027 is estimated to be around 34%. Among these, automotive applications are expected to dominate the silicon carbide (SiC) market, accounting for over 75% of the entire SiC device market. In terms of penetration rate among category 3 semiconductor materials, silicon still remains the mainstream semiconductor material, accounting for 95%. However, it is worth noting that the penetration rates of category 3 semiconductors are expected to increase annually in the future. By 2023, the penetration rate of silicon carbide (SiC) is anticipated to reach 3.75%, while gallium nitride (GaN) is projected to reach 1.0%. Combined, the penetration rate of category 3 semiconductors is expected to reach 4.75% by 2023.



Source: Yole, China Electronics Standardization Institute, Qianzhan Industrial Research Institute, TrendForce, HuaAn Securities Co. Ltd., Research Division, December 2022.

## (III) Technology and R&D Overview

1. Research and development (R&D) expenses in the most recent fiscal year up to the publication date of this annual report



Unit: In Thousands of New Taiwan Dollars

Item \ Year	2023	Year to March 31, 2024
R&D Expenses	170,947	42,946

2. Successfully developed technologies or products in the most recent fiscal year up to the publication date of this annual report

- (1) Development of Ceramic Injection Molding (CIM).
- (2) Development of ultrafine-grained materials and forming techniques.
- (3) Development of SiC sintered ceramic powders and forming sintering techniques.
- (4) Application of embryo carving technology for the development of various sized/surfaced shapes.
- (5) Power chokes made with P63 material
- (6) Development of wide-temperature automotive antennas using A044 material.
- (7) Development of alloy and ferrite bonding technology.

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

1. Short-term business development plan

(1) Ferrite powder and ferrite cores

- A. The Company will continue to develop new materials, new technology and new products, and integrate the cost advantage of factories in mainland China to increase competitiveness and market share.
- B. The Company will reinforce its existing sales network in Taiwan, Malaysia, South China, East China, and Chengdu Office, and add service sites in the United States, etc., constantly enhance services for downstream customers, and stay close to them in order to respond quickly to their needs.
- C. The Company will also work in collaboration with international major manufacturers to implement the Design-in/Spec-in process and let our new product designs be recognized.
- D. Product portfolio will also be adjusted in order to increase profitability.

(2) High-purity SiC powder

- A. The Taoyuan Plant continues to expand its production capacity to meet the rapidly growing market demand.
- B. Expanding the production line in Malaysia to avoid delays in product recognition due to geopolitical factors.

2. Long-term business development plans

- (1) The Company will also integrated relevant resources of the Group and acquire potential customers and develop new sales sites so as to increase market share.
- (2) On the other hand, the Company will continue to nurture international marketing talents, set up overseas sales offices, and keep abreast of information related to international markets in order to achieve the goal of internationalization.
- (3) The new materials business group will continue the development.



## II. Overview of Market, Production and Sales:

### (I) Market Analysis

#### 1. Sales regions for major products

Unit: In Thousands of New Taiwan Dollars/%

2023		
Sales Territory	Net sales	Percentage
Asia	1,846,460	73
Europe	314,725	12
Americas	361,513	14
Others	29,048	1
Total	2,551,746	100

#### 2. Approximate market share:

##### (1) Ferrite powder and ferrite cores

The market size of passive components in Taiwan in 2023 was about NT \$228.4 billion, and the market size of inductors in Taiwan accounted for about 12-15% of the passive components market. The net sales of the Company in 2023 was about NT \$841 million, and the market share was estimated to be about 2-4%.

##### (2) High-purity SiC powder

In 2023, the Company's net sales in silicon carbide (SiC) amounted to approximately NT\$3.48 million, representing an estimated 10% share of the global market.

#### 3. Supply and Demand in the Market and Possible Future Growth

##### (1) Ferrite powder and ferrite cores

After the depletion of inventories in 2019, customers started to replenish their inventories in the first half of 2020, and with the pandemic driving work from home and stay-at-home economy, demand for notebook computers, cloud server, communication

and 5G base stations increased continuously, reaching 8% in annual growth.

In 2021, with the steady recovery of the global economy, the increased penetration rate of 5G smart phones and the booming downstream demand of cloud server, electric vehicles, and industrial controls, the output value continued to climb to a new record, with an annual increase of 21.6%.

The outbreak of the war between Russia and Ukraine accelerated global inflationary pressure and affected the confidence of end consumers in 2022. The passive components market was affected by the weakening demand for consumer electronics such as cell phones, laptops, and game consoles, as well as the strong interest rate hike in the U.S., the closure control measures in China, and the supply chain impact. Overall, the passive component industry showed a small decline in 2022, with an annual decrease of 5.9%.

In 2023, due to factors such as the Russia-Ukraine war, the Israel-Palestine Conflict, inflation, weakened end demand, inventory adjustments falling short of expectations, and the sluggish economy in China, the passive component industry continued to experience a slight decline. Looking ahead, inventories across various industries are gradually reaching safe levels. Despite this, there remains optimism for the development of applications in high-end automotive, AI, industrial, medical, aerospace, and 5G/IoT sectors within the passive component industry.

## (2) High-purity SiC powder

From 2022 to 2028, the compound annual growth rate (CAGR) of the silicon carbide (SiC) market reached a high of 31%. Among this, 70% of SiC applications were attributed to electric vehicles. Despite the current global economic downturn and the slower-than-expected demand recovery, many countries have set schedules to phase out the sale of fossil fuel vehicles. The growth





of electric vehicles is inevitable and will consequently drive the growth of silicon carbide. As the primary raw material for silicon carbide crystal growth, Acme exhibits a growth rate proportionally higher as we move upstream in the supply chain. Consequently, the growth rate of Acme tends to exceed the industry average. The company has experienced exponential growth in both the development and sales of silicon carbide, with significant increases in market share and sales every year since its inception.

#### 4. Competitive Niches

##### (1) Strategic Production and Marketing Locations

Considering that the downstream industry of soft ferrite cores is mainly located in mainland China, in order to improve competitiveness, obtain lower labor costs, and provide timely supply to downstream customers in mainland China, after being approved by the Investment Committee of the Ministry of Economic Affairs in 2000, the Company invested in Acme Electronics (Kunshan) Co., Ltd. to engage in the molding, sintering, and grinding of ferrite cores, and to serve customers in the East China region of mainland China nearby; In addition, as early as 1998, the Company invested to establish Golden Amber Enterprises Limited to outsource the processing of ferrite core grinding to Gao'an Electronics Plant in Chang'an Shangsha Management Zone, Dongguan, mainland China through the subsidiary. The processed products were distributed and supplied to customers in South China; On November 24, 2004, Acme Electronics (Guangzhou) Co., Ltd. was established in Zengcheng City, Guangdong Province, mainland China through Golden Amber Enterprises Limited. In 2Q2006, the factory was completed and put into operation, replacing the functions of Gao'an Electronics Plant, becoming our production and sales site in South China, fully utilizing the benefits of being in place. In

addition, we have set up an office in Sichuan, China to serve our customers nearby, and we also have a production and sales site in Malaysia.

(2) Excellent management system

The Company passed ISO9001 quality certification in 1997, ISO14001 in 2006, TS16949 in 2008, IATF16949 in 2018, Taoyuan Plant also passed ISO50001 energy management system certification in 2021 and ISO45001 occupational health and safety management system in 2022, promoting quality control activities to ensure product quality and environmental protection requirements. In addition, we have successfully implemented the Enterprise Resource Planning (ERP) system in 2001 to meet the timely needs of our customers, shorten the delivery period, provide stable quality products, and establish a competitive brand image.

(3) Material development ability

The technical experience and product scale of Japan, Europe, and the US are in a dominant position. The ferrite powder formula of the ferrite cores greatly affect the production process of cores and the final quality as the content of the formula is closely related to the magnetic permeability, density, energy conversion efficiency of the manganese-zinc ferrite, as well as the time required for future sintering, so large factories of ferrite cores consider the formula content the most confidential. Since establishment, the Company has continuously accelerated talent cultivation and the development of technology research to establish the self-development ability for materials. The Company has also caught up with the pioneer of material development.



(4) Complete service and stable customer base

In addition, our products need to be aligned with the applications of downstream manufacturers for different purposes. Therefore, the Company participates in the planning at the beginning of the downstream clients' product design, and then supplies it to the further downstream terminal product manufacturers to make finished products. Once the downstream clients adopts this model, it is not easy for them to change suppliers in normal conditions, and the product loyalty is high.

5. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures

(1) Favorable Factors:

- A. The electromagnetic radiation interference discovered between electronic products has growingly attracted public attention nowadays. Europe and the U.S. were the first to pay attention to the issue of electromagnetic radiation, and have established strict electromagnetic test standards. In the future, products to be released in the market must pass these tests, which will help increase the demand for ferrite cores and inductors.
- B. With the thriving development in the global automotive, information, network communication, and consumer electronics industries, the global market scale continues to expand, thereby increasing the demand for ferrite cores and inductors. Moreover, due to a wide range of applications for downstream products, the Company will be less affected by the condition of a single industry.
- C. The Company's management team has over 10 years of experience in business operations. We have extensive experience in product development trends, manufacturing, and sales in our industry. The management team is well

aware that quality is the cornerstone of sales promotion. Therefore, since establishment, we have focused on comprehensive quality improvement policies and passed the ISO9002 quality certification in 1996, ISO9001 quality certification in 1997, QS9000 quality certification in 2003, ISO14001 quality certification in 2006, and in compliance with RoHS requirements, passed QC080000 quality certification in 2007, passed TS16949 quality certification in 2008, and IATF16949 quality certification in 2018. Taoyuan Plant also passed ISO50001 energy management system certification in 2021, and ISO45001 occupational health and safety management system certification in 2022, fully promoting quality control activities to ensure product quality and environmental requirements.

- D. The Company has been based on the industry for more than 30 years, and is well aware of the competitive situation in the passive component market. Only with a large production scale and excellent production efficiency, can the Company increase its own operation competitiveness. The Company has put emphasis on the improvement and enhancement of production processes over the years in order to streamline the management of production lines. In response to industry development trends, the Company has shifted its production abroad, where the Company can effectively use local resources to achieve the economy of scale arising from mass production. In addition to providing products with cost advantage, the overseas operations also enable the Company to provide customers with products and services that come from nearby.



- E. On February 17, 2005, the Company was officially listed on TPEx, which helps to enhance the overall corporate image and brand awareness of the Company, encourage employees to make continuous efforts to ensure product quality and corporate image, and increase the recognition of outstanding talents to the Company.

(2) Unfavorable Factors:

- A. Costs of domestic and foreign workers are gradually increasing every year, thereby increasing production and operating costs.

Countermeasures: Improve quality, lean production, and automated production through the purchase of advanced machines and equipment and improvement of manufacturing processes, as well as enhance employees' on-the-job training in order to improve efficiency and productivity.

- B. There are many competing manufacturers in this industry, leading to intense price competition.

Countermeasures: The Company add value to products, refine and improve manufacture processes to reduce cost and enhance overall product quality, so as to facilitate effective market segmentation and establish competitive advantage in the market. In addition, establish all-around support service capabilities in line with customers' product development needs, shape the Company's competitive advantage over other competitors, as well as jointly develop future products according to development trends in order to quickly grasp market dynamics and enhance competitiveness.

(II) Usage and Manufacturing Processes for Main Products

- 1. Important Application of major products

(1) Ferrite powder and ferrite cores

Product Category	Downstream Products	Application
Traditional ferrite core	Filters, adapters, and lighting ballast	Power supplies, modems, scanners, (wireless) chargers, laptops, smartphones, tablets, game consoles, routers, Server, central office switches and telecommunication network equipment, automotive electronics and medical equipment
Ferrite core for inverters	Inverters	
Ferrite core for communications	Communication transformers and splitters	
Polished ferrite core for filtering	Electromagnetic interference filters	
Ring-type ferrite core	Electromagnetic interference filters and lighting ballast	
Ferrite core for power inductors	Power inductors	
Nickel-zinc series ferrite core	Communication transformers and power inductors	
Soft ferrite powder	Raw materials for ferrite cores	

(2) High-purity SiC powder

The high-purity silicon carbide powder is used as raw material for monocrystal production and as high-purity sintered ceramic raw materials.

2. Production process of primary products

(1) Ferrite powder and ferrite cores

The production process is divided into four stages: powder producing, forming, sintering, and grinding.

(2) High-purity SiC powder

The production process mainly consists of three stages: synthesis, crystal growth, and purification.

(III) Supply of major raw materials:

(1) Ferrite powder and ferrite cores

The main raw materials and suppliers are as follows and the supply of such materials are stable:

Main raw materials	Name of Main Supplier
Iron oxide	HIMAG Magnetic Co., Ltd.
Manganese oxide	Guizhou Kingray Xinye Materials Co., Ltd
Zinc oxide	Sun Beam Tech. Industrial Co., Ltd.



Main raw materials	Name of Main Supplier
Nickel oxide	Prior Company, Ltd.

- (2) The main raw materials and suppliers of silicon carbide powder are European and American manufacturers, and the supply of such materials are stable.

(IV) The names of Suppliers (clients) accounting for more than 10% of the total amount of purchases (sales) in any of the past two years, as well as the amount and proportion of their purchases (sales), and the reasons for their changes in increase or decrease:

1. Information on main suppliers

Unit: In Thousands of New Taiwan Dollars

Item	2022				2023				2024 up to the first quarter			
	Name	Net purchase	As a percentage of net purchase for the year (%)	Relationship with the Issuer	Name	Net purchase	As a percentage of net purchase for the year (%)	Relationship with the Issuer	Name	Net purchase	As a percentage to net purchase for the year up to the first quarter (%)	Relationship with the Issuer
1	Supplier A	110,559	13	None	Supplier A	91,546	21	None	Supplier A	28,269	21	None
2	Supplier B	125,825	14	None	Supplier B	52,144	12	None	Supplier B	11,759	9	None
3	Supplier C	135,511	15	None	Supplier C	37,515	9	None	Supplier C	17,381	13	None
4	Others	507,691	58	None	Others	259,291	58	None	Others	78,438	57	None
	Total	879,586	100		Total	440,496	100		Total	135,847	100	

Note 1: List the name of suppliers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchase of goods in the most recent two fiscal years. However, if the name of suppliers or counterparties are individuals and non-related persons, or whose name cannot be revealed due to contractual agreements, their codes shall be indicated.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: Considering the supply volume, prices, delivery time, the Company's production plan and inventory, the purchase amount from different suppliers vary in each period.



## 2. Information on main clients

Unit: In Thousands of New Taiwan Dollars

	2022				2023				2024 up to the first quarter			
Item	Name	Net sales	As a percentage to net sales for the year (%)	Relationship with the Issuer	Name	Net sales	As a percentage to net sales for the year (%)	Relationship with the Issuer	Name	Net sales	As a percentage to net sales for the year up to the first quarter (%)	Relationship with the Issuer
1	Client A	336,913	11	None	Client A	244,985	10	None	Client A	75,356	10	None
2	Client B	55,863	2	None	Client B	196,538	8	None	Client B	120,188	17	None
3	Others	2,664,441	87	None	Others	2,110,223	82	None	Others	522,449	73	None
	Total	3,057,217	100		Total	2,551,746	100		Total	717,993	100	

Note 1: List the name of clients who account for more than ten (10) percent of the total sales of goods and their amount and proportion of sales of goods in the most recent two fiscal years. However, if the customers or counterparties are individuals and non-related persons, or whose name cannot be revealed due to contractual agreements, their codes shall be indicated.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: There is no significant change in the proportion and amount of sales of major clients during each period.



(V) Production volume and value in the most recent two fiscal years

Unit: Metric tons / NT\$ Thousands

Main product	Year	2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Ferrite cores		13,000	9,538	2,562,376	13,000	6,750	2,295,093
High-purity SiC powder		60	33	77,575	100	73	175,472
Total		13,060	9,571	2,639,951	13,100	6,823	2,470,565

(VI) Sales volume and value in the most recent two years

Unit: Metric tons / NT\$ Thousands

Main product	Year	2022				2023			
		Domestic sales		Exports		Domestic sales		Exports	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ferrite cores		27	18,431	8,993	2,863,883	14	7,946	7,060	2,205,223
High-purity SiC powder		2	17,581	27	157,322	4	30,243	67	308,334
Total		29	36,012	9,020	3,021,205	18	38,189	7,127	2,513,557

The sales volume and amount of ferrite core were 7,074 metric tons and NT\$2,213,169 thousand, respectively. The sales volume decreased by 1,946 metric tons or 22% compared with that in 2022; the revenue decreased by NT\$669,145 thousand, or 23%.

The sales volume and amount of silicon carbide powder were 71 metric tons and NT\$338,577 thousand, respectively. The sales volume increased by 42 metric tons or 145% compared with that in 2022; the revenue increased by NT\$163,674 thousand, or 94%.



### III. Information on Employees

Mar. 31, 2024 Unit: Employees

Year		2022	2023	Year to March 31, 2024
Number of employees	Direct labor	1,285	1,240	1,295
	Indirect labor	418	423	425
	Total	1,703	1,663	1,720
Average Age		36.2	36.8	36.8
Average seniority of service		6.5 years	6.9 years	6.7 年
Education Distribution	Doctor	0.29%	0.24%	0.23%
	Master	3.05%	3.19%	3.08%
	University/College	16.68%	18.34%	18.31%
	Senior High school	27.89%	27.06%	26.46%
	Below Senior High school	52.09%	51.17%	51.92%
	Total	100.00%	100.00%	100.00%

### IV. Disbursements for Environmental Protection

During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the losses incurred due to the environment pollution (including compensation and environmental protection audit results that violated environmental protection laws and regulations, the date of disciplinary action, disciplinary official letter number, the provision of laws violated, the content of laws violated, and the content of disciplinary action), current and future estimated amounts of compensation that may occur, and responding measures. If it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated:

- (I) On January 2, 2006, the Company passed the ISO14001 environmental management system certification, and upholds the spirit of cherishing natural resources, and strives towards pollution prevention and continuous improvement.
- (II) The Company has been developing and designing green products, and we have conducted product environmental verification in accordance with RoHS regulations to illustrate the importance of global environmental

pollution prevention. In order to comply with the EU Restriction of Hazardous Substances (RoHS), which was fully implemented in July 2006, we purchased XRF inspection equipment to confirm compliance with the environmental regulations.

- (III) In order to meet the requirements of laws and regulations and customers, we have actively introduced the control of environmental restricted substances to raw material suppliers, manufacturing processes and other units, and have sent relevant personnel to receive education and training, participated in the green platform of neutral third party, and have dedicated personnel responsible for environmental protection work to learn about the requirements of customers of international manufacturers related to environmental protection, and update the environmental protection information in the factory in a timely manner.
- (IV) The Company has engaged with the environmental protection agency, which is authorized by Environmental Protection Administration, to be responsible for the removal of various waste, so there is no pollution problem. The waste water of Taoyuan Plant, which is part of the Guanyin Industrial Zone, can be effectively treated again, and the water resources are utilized in the spirit of energy saving and carbon reduction, so that the RO waste water in the factory can be recycled.
- (V) The company's Guangzhou factory signed a contract with Huaneng Power International, Inc. to participate in electricity grid trading. In 2023, the contracted electricity price was RMB553.88/kWh + floating charges of RMB12/kWh. In 2024, the contracted electricity price was RMB0.457/KWH + floating charges of RM0/kWh. This resulted in a saving of approximately RMB108.88 per kWh, with an annual saving of around RMB3,530 thousand. In addition, the Guangzhou plant is expected to set up a photovoltaic power generation project on the roof, with an annual power generation of about 1.8 million KWH. The electricity generated will be prioritized for supplying the factory's power needs, with any surplus electricity being sold to the grid. Due to roof replacement activities, the project's construction was delayed until September 2023,



and it is expected to be completed and connected to the grid by March 2024.

- (VI) In 2023, the Guangzhou plant installed frequency converters on the central air conditioning chiller and cooling water pumps, resulting in an estimated monthly energy saving of approximately 13,680 kWh.
- (VII) In 2022, the Company's Kunshan Plant built a new sintering VOC exhaust gas environmental protection system, and the operation report monitoring showed that the effective odor removal rate reached 95.7%.
- (VIII) In July 2023, our company's Kunshan plant connected a solar photovoltaic power generation project to the grid, with an installed capacity of 2MW. By the end of the year, the cumulative solar power generation reached 1,064,739 kWh, resulting in a reduction of 619 tons of CO<sub>2</sub>e greenhouse gas emissions.
- (IX) In December 2023, our company's Kunshan plant completed the environmental protection project for Processing and Grinding Sludge Dewatering. The operational test results showed that the suspended solids (SS) in the circulating water after treatment were at 7 mg/L, and the moisture content of the ground sludge after dewatering was approximately 7.8%. The effectiveness of the project was significant.
- (X) The Company has not incurred any environmental pollution or occupational safety and health administrative penalties during the most recent fiscal year or during the current fiscal year as of March 31, 2024.

## V. Labor Relations

- (I) The Company's employee welfare policies, continuing education, training, retirement systems and implementation status, as well as agreements between the employer and employees and measures for protecting employee rights and interests:

- 1. Employee welfare measures:

The Company has established an Employee Welfare Committee to improve employee welfare measures. All welfare measures are

handled in accordance with the Labor Basic Law, Labor Insurance Regulations, Labor Pension Regulations, Employee Welfare Regulations, and relevant laws and regulations.

Employees not only enjoy general benefits such as labor and health insurance and pension payments, but also various benefits such as employee travel, employee birthday, marriage and funeral subsidies, as well as complete education, training, and lectures.

According to Article 34 of the Company's articles of Incorporation, if the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance.

The Company provides appropriate salary adjustments or year-end performance bonuses based on the Company's operational performance and individual employee performance.

2. Employee education and training:

- (1) Employees are the most important assets of the Company, and the training and development of their skills and functions have always been the direction of the Company's active investment and efforts. In order to respond to the overall development of the Company, to cultivate the moral character of employees, and to improve the quality and efficiency of employees, the Company has, in addition to establishing the Employee Education and Training and Qualification Certification Measures as a guideline for employee education and training, made the HR Department to organize the education and training of all employees and the planning and execution of human resources development.



- (2) In addition to internal training courses planned and conducted by the HR Department, employees are also encouraged to attend training courses arranged by external professional organizations for special professional needs. All the courses and trainings attended by each employee are documented and managed, and provided to the relevant executives for reference. Through employee education and training, we encourage our employees to grow and integrate their knowledge into the daily management and work of the Company in order to improve the performance and quality of work of each unit.
  - (3) In 2023, we conducted ISO quality training, professional training for each unit, various project courses, on-site staff education and training, labor safety and hygiene promotion, fire training, and emergency response promotion in Taiwan, mainland China, and Malaysia. The total number of participants was 35,818 person-time and the total number of training hours was 81,064 hours, of which 77,899 hours were conducted by the Company itself and 3,165 hours were external training. Total expenses amounted to NT\$965 thousand, of which NT\$47 thousand was spent on self-training and NT\$918 thousand was spent on external training.
3. Retirement system and its implementation:
- In accordance with the Labor Standards Act, the Company has established the retirement regulations for workers, and has made its retirement subject to regulations. Moreover, in order to improve the Company's employee retirement system, the Company has applied for the establishment of the Labor Retirement Reserve Supervision Committee and set up a special pension account to set aside 2% of the total salary per month and deposit it in the Bank of Taiwan as pension fund, which is kept and applied by the Labor Retirement Reserve Supervision Committee; and, in response to the need for set aside full amount of retirement reserves after the amendment to the Labor Standards Act, at the end of each year, we carry out trial calculation of

the annual amount that should be made up in the next year, and deposit the amount in the account before the end of March, so as to ensure that each employee who applies for retirement according to law can receive the pension due.

After the implementation of the new pension system on July 1, 2005, the Company held an information meeting with employees and consulted them on their preferences in accordance with the law. Employees selected the old system have been subject to the Labor Standards Act, and those selecting the new system will have their old seniority reserved. In accordance with the law, the Company will make monthly contributions of 6% of salary as pension to the Labor Insurance Bureau and withhold another voluntary contribution of pension to the Labor Insurance Bureau.

4. Agreement between the employer and employee:

The Company's labor relations are harmonious and there are no labor disputes or losses resulting from labor disputes.

5. Maintenance of employee rights and interests:

The Company has established the Employee Welfare Committee and the Labor Retirement Fund Supervision Committee in accordance with the law to coordinate the planning, appropriation, safekeeping and utilization of the employee welfare and retirement funds and related matters regulated by the relevant laws and regulations; in addition, the representatives elected by the employees and the representatives appointed by the employer form the Employer-Employee Conference, which is held once every three months to discuss labor matters and listen to the opinions of the employees. The protection of employees' rights and benefits and the implementation of the welfare system are based on laws and regulations.

6. Related certifications obtained from the relevant competent authorities by personnel of the Company involved with the transparency of financial information:





Department	Name	Related Certification
Audit Division of the Company	Li, Ta-Cheng	Certified Internal Auditor (CIA)
		Certificate of Qualification in the Professional Development Course and Test for Internal Auditors
		Accounting Research and Development Foundation Certificate 2023 No. K.J. (Public) Z. No. 8073014
		Accounting Research and Development Foundation Certificate 2023 No. K.J. (Public) Z. No. 8077010
		The Institute of Internal Auditors-Chinese Taiwan, Certificate No.: J.X.B.Z.F.Z. No. 1124767

#### 7. Employee Code of Conduct or Ethics:

In accordance with the Labor Standards Act and relevant laws, employees' work rules and various management systems have been established in order to maintain workplace discipline and order among employees.

- (1) Every employee is given a Employee Work Rules Handbook which specifies the behavior or work ethic of employees, including employment, dismissal, working hours, vacation, leave, rewards and punishments, performance appraisal, retirement and welfare.
- (2) Training for new employees includes basic education on company rules and regulations, ethics, environmental protection, occupational safety and health management, etc.
- (3) Signing of the Letter of Confidentiality and the Letter of Commitment by employees: This document establishes employees' commitment towards maintaining the confidentiality of information regarding the Company's tangible and intangible operating assets and prevents employees from infringing on the interests of the Company.
- (4) The Company's website discloses: the Code for Ethical Conduct of Directors and Managerial Officers, the Procedures for Handling Material Internal Information, the Ethical Corporate Management Best Practice Principles, and the Procedures and Guidelines for Integrity Management.

- (5) In order to establish a good internal mechanism for handling and disclosing material information, avoid improper leakage of information, and ensure consistency and correctness of information released to the outside, the Company has established the Procedures for Handling Material Internal Information, which was approved by the Board of Directors on December 16, 2009, and has been notified to all employees, managerial officers and directors.
  - (6) In order to establish a corporate management culture of integrity and sound management, the Company has established the Ethical Corporate Management Best Practice Principles, which was approved by the Board of Directors on December 23, 2010 and implemented. In addition, on December 18, 2012, the Board of Directors adopted the Procedures and Guidelines for Integrity Management.
8. Protection measures for work environment and employees' personal safety:
- (1) The Company has passed ISO14001 Environmental Management System certification and ISO 45001 Occupational Health and Safety Management System certification, and is actively promoting improvement activities such as energy conservation, prevention of environmental pollution inside the plants and the spread of pollution outside the plants, etc. The Company also participates in the regional joint prevention organization led by the Guanyin Industrial Area Service Center of the Industrial Development Bureau to strengthen joint prevention and early warning notification and mutual support of equipment in the industrial area.
  - (2) An Occupational Safety and Health Committee is established within the plant in accordance with the Occupational Safety and Health Management Regulations. Every three months, a committee meeting and an all-employee meeting are held to



discuss occupational safety and health-related issues and activities, and to enhance the safety awareness and health concepts of employees.

- (3) Fire drills are held regularly in May and November each year to cultivate the employees' ability of handling and responding emergency, and on-the-job training of environmental safety and health is conducted according to job requirements. According to the statistics, in 2023, a total of 1,012 person-times of environmental safety education and training, 64 times of environmental safety education and training, and a total of 2,888 hours of training were held.
- (4) For the special working environment (dust, noise, free radiation, special chemical substances) in the factory, we conduct regular monitoring of the working environment every six months and provide personal protective equipment such as safety shoes, goggles, ear plugs and masks for employees to use.
- (5) Special workers (those involving dust, noise, free radiation, special chemicals) and general workers are subject to annual health checkups in large hospitals, and the checkup results are assigned to health management agency for graded management. Physicians are arranged to visit and educate high-risk colleagues in the plant every quarter.
- (6) The safety of contractors and suppliers is as important as that of employees, and we have established the Contractor Management Measures and the Contractor Entry Management Manual. Before entering the plant, safety education and training and construction safety risk assessment are necessary, and safety observation shall be carried out during the construction to ensure the construction safety.
- (7) Expenditures on improving employees' working environment in the most recent year:

Unit: In Thousands of New Taiwan Dollars

No.	Abstract	Amount
1	Implementation of additional environmental improvement projects for the ventilation ducts and fans at Taoyuan Plant	240
2	Renovation of plant building at Taoyuan Plant	3,050
3	Project to redesign and modify certain production lines at Taoyuan Plant	1,380
4	Rectification of the wastewater pipelines in the restrooms and shower areas at Taoyuan Plant	129
5	Installation of a new office pantry system cabinet at Taoyuan Plant	135
6	Construction of a new cleanroom in the processing workshop at Guangzhou Plant	193
7	Renovation of the walls of the forming workshop and the repainting of the floor at Guangzhou Plant	211
8	Installation of partitions to the microelectronics workshop at Guangzhou Plant	30
9	Painting of the sintering walls at Guangzhou Plant	8
10	Addition of a roof to the security office at Guangzhou Plant	45
11	Environmental optimization of the steel partition in partial production lines at Guangzhou Plant	76
12	Air conditioning installation in the R&D measurement room at Guangzhou Plant	8
13	Optimization of the dust environment through the cleaning of the dust collection pipelines at Guangzhou Plant	58
14	Replacement of air conditioning system at Kunshan Plant	366
15	Installation of soundproof covers for grinding machines at Kunshan Plant	229
16	Replacement of energy-saving lights at Kunshan Plant	194
17	Improvement of air-conditioning equipment at Malaysian Plant	828
18	Improvement of toilets at Malaysian Plant	32



No.	Abstract	Amount
19	Renovation of restaurant at Malaysian Plant	10
20	Epidemic prevention measures at Malaysian Plant	119
21	Garden finishing of Malaysian Plant	17
22	Personal protective equipment for employees at Malaysian Plant	223
23	Waste management at Malaysian Plant	499
24	Renovation of factory at Malaysian Plant	947
25	Renovation of fire system at Malaysian Plant	110
26	Improvement of pipelines at Malaysian Plant	696
	Total	9,833

- (8) Budget for improving employees' working environment in the future year:

Unit: In Thousands of New Taiwan Dollars

No.	Abstract	Amount
1	Renovation of plant building at Taoyuan Plant	6,000
2	Modification and installation of soundproofing devices for the microelectronics dust collection equipment at Guangzhou Plant	900
3	Replacement of air conditioning systems in the employee dormitories at Guangzhou Plant	203
4	Air conditioning improvement at Kunshan Plant	315
	Total	7,418

- (II) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the losses suffered due to the labor disputes (including matters with labor inspection results that violate the Labor Standards Act, the punishment date, the punishment font size, the provisions of the statute violated, the content of the statute violated, and the punishment content are listed), and the current and future estimated amounts of loss and responding measures shall be estimated. If it cannot be estimated reasonably, state the fact that it cannot be estimated reasonably:

The Company has always had harmonious and stable labor relations, and has not suffered any loss due to labor disputes, and the possibility of loss due to labor disputes in the future is estimated to be extremely low.

## VI. Information security management:

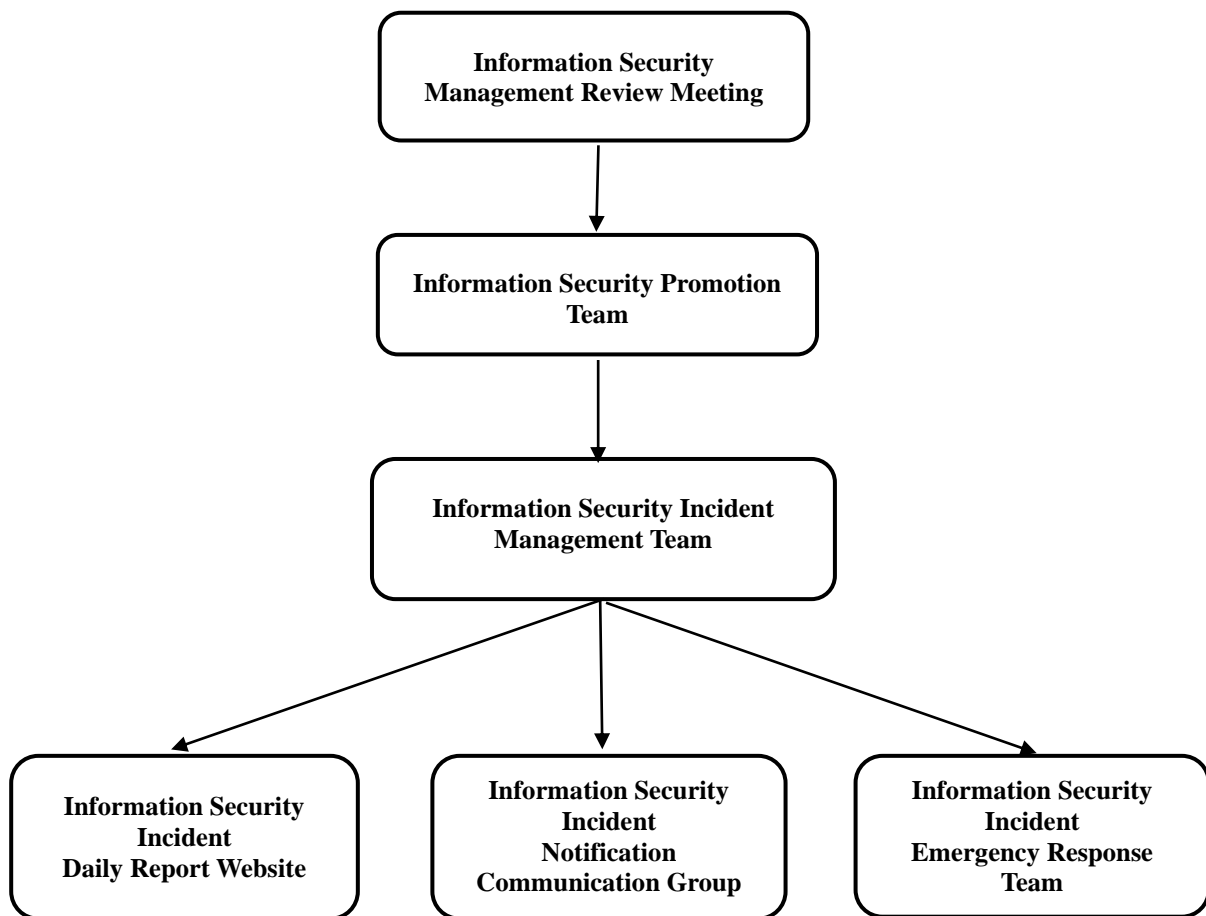
- (I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

### 1. Information security risk management framework

#### (1) Corporate information security governance organization

The Company is a member of USI Corporation, which holds an annual “information security management review meeting” at fixed date, make a judgment on the six input projects (resolution status of past management reviews, changes to internal and external issues related to the information security management system, feedback on information security performance, feedback from related parties, status of risk assessment results and risk management plans, opportunities for continuous improvement) of the information security system management, and make a conclusion on the two output projects of the information security management system (including decisions related to continuous improvement opportunities and any need for changes to the information security management system), to achieve the objectives of the information security management system.

Organizational Chart of Information Security Management Review Board

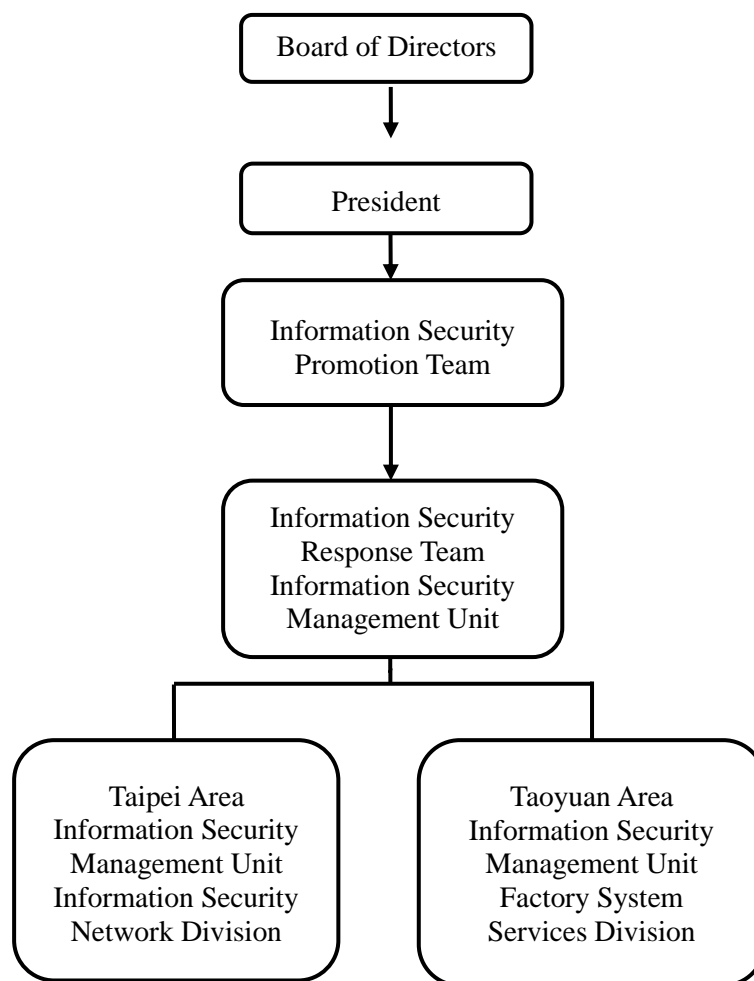


## (2) Corporate Information Security Organization Framework

According to the provisions in the standard operating procedure (SOP) of USI Corporation, the Setting Standards of Information Security Promotion Organization, an “information security promotion team” has been set up to supervise the operation of information security management within the Group and define the roles and responsibilities of each promotion organization. The meeting is held once a year. If there is a major information security incident, it can be held immediately. The Director of the Information Technology Department serves as the convener of the Team and takes charge of the meetings of the Information Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The executives of units under the jurisdiction of the Information Technology Department are members of the Team. In the event of a material information

security incident, the Director of the Information Technology Department shall report to the President or heads of related departments.

### Organizational Chart of the Information Security Promotion Team







- Responsibilities of Information Security Promotion Team:
- Establish the information security risk management framework and information security policies
- Conduct information security risk assessments and analyses
- Information security maintenance and execution
- Verification of the effectiveness of information security operations

## 2. Information Security Policy

### (1) Information security management strategy and framework

- ISO 27001 Information Security System: Since 2014, the ISO/IEC 27001:2013 Information Security Management System has been established and continuously operated. Every year, external professional asset safety audit and certification companies (British Standards Institution, BSI) are engaged for review. Up to now, the Company has passed certification audits for 9 consecutive years. (The validity period of the current certificate is from July 4, 2023 to October 31, 2025)
- NISF CSF Information Security Management Framework: Incorporated into the Cybersecurity Framework (CSF) developed by the National Institute of Standards and Technology (NIST).

### (2) Enterprise information security risk management and continuous improvement framework

Based on the ISO/IEC 27001 information security management system, supplemented by the NIST CSF information security management framework, it strengthens risk management and control, improves information security resilience, and has the ability to withstand, contain and quickly recover from

information security incidents, so as to continue to provide key operational services.

### 3. Specific management plan

- (1) Vulnerability scanning detection: Regularly perform server operating system vulnerability scanning detection to identify potential risks, make system corrections or propose compensatory measures, and improve information security. It has been continuously running for 7 years so far.
- (2) Information asset control: establish an information asset management platform to log information assets, note asset items, usage status, and maintain records, and conduct regular inspection and maintenance.
- (3) Firewall and industrial control equipment (OT): Palo Alto networks 3220 is adopted to improve the execution efficiency of filtering incoming and outgoing packets and effectively reduce the risk of system vulnerability exposure with the next-generation 7-layer firewall system.
- (4) Critical Server (SEVER): deploy Crowd Strike endpoint detection software, use artificial intelligence (AI) and machine learning (ML) modes of non-feature comparison, to analyze attack behaviors in real time, and block known and unknown potential threats.
- (5) Email (Mail): Adopt the Microsoft Office 365 solution, plus Advanced Threat Protection (ATP) to defend against unknown malicious code and viruses. Through the cloud operation through email, gradually reduce the number of AD and DC (Domain Controller) is gradually reduced, thereby reducing the attack scope.
- (6) Office equipment (IT): Use Trend Micro anti-virus software to detect abnormal network behaviors, such as monitoring the behavior of users' computers to log in to AD (Active Directory) hosts, and find abnormalities in real time.



- (7) Personnel information security management: Prevent hacking or data leakage; information personnel receive at least four hours of information security education and training every year.
  - (8) Social engineering drills: At least twice a year, the Company entrusts an external professional security consulting company to carry out social engineering drills, so as to effectively enhance employees' awareness of security, protect data from external intrusion and tampering.
4. Resources invested in the security management of information security

Information security has become a critical concern for the company's operations. The following are the relevant information security management issues and resource allocation plans:

- (1) Responsible personnel: The Group has established a dedicated corporate organization known as the "Information Security Network Division" to oversee information security planning, technology implementation, and related audit matters for all companies within the Group. This is done to ensure the maintenance and enhancement of information security.
- (2) Certification: passed ISO27001 certification for 9 consecutive years without any significant security audit deficiencies.
- (3) Customer Satisfaction: There have been no major cybersecurity incidents and no complaints about loss of customer information.
- (4) Education and Training: All IT personnel have completed biannual information security education and assessment. A total of two annual social engineering phishing email drills were conducted by all employees in the group, with a total of 4,070 participants.
- (5) Information security investment (USI Corporation): a total of about NT\$12,960 thousand.

(6) Information security notices: 9 notices were issued.

- (II) List the losses suffered due to major information security incidents in the most recent fiscal year up to the publication date of the annual report, and the possible impact and countermeasures. If the amount of loss cannot be reasonably estimated, facts of which estimation cannot be made shall be explained: as of the date of publication of the annual report, the Company has not suffered any losses or potential impacts due to major information security incidents.



## VII. Important Contracts

Nature of contract	Contracting Party	Valid period	Main content	Restrictive clauses
Medium-term secured lending limit contract	Yuanta Commercial Bank	2022.03.15 - 2027.03.15	Taoyuan Plant's land, plant were provided as collaterals for a loan, with a limit of NT\$870,000 thousand	There are limits on current ratio and debt-to-equity ratio
Medium-term lending limit contract	Yuanta Commercial Bank	2022.03.15 - 2025.03.15	Taoyuan Plant's land, plant were provided as collaterals for a loan, with a limit of NT\$130,000 thousand	There are limits on current ratio and debt-to-equity ratio
Medium-term secured lending limit contract	Yuanta Commercial Bank	2027.12.15 - 2028.12.15	Taoyuan Plant's machinery and equipment were provided as collaterals for a loan, with a limit of NT\$560,000 thousand	There are limits on current ratio and debt-to-equity ratio
Medium-term Unsecured Lending Limit Contract	Chang Hwa Bank	2023.11.23 - 2026.11.23	The limit is NT\$ 300,000 thousand.	None
Medium-term Unsecured Lending Limit Contract	Mega International Commercial Bank	2023.10.06 - 2025.10.05	The limit is NT\$ 100,000 thousand.	None
Medium-term Unsecured Lending Limit Contract	Bank SinoPac	2023.07.03 - 2026.07.31	The limit is NT\$ 200,000 thousand.	There are limits on current ratio and debt-to-equity ratio
Medium-term Unsecured Lending Limit Contract	The Shanghai Commercial & Savings Bank	2022.11.09 - 2025.11.09	The limit is NT\$ 200,000 thousand.	None

## Chapter 6 Financial Overview

### I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs in the Most Recent Five Years

#### (I) Condensed balance sheet and statement of comprehensive income - International Financial Reporting Standards

##### 1. Consolidated condensed balance sheet - International Financial Reporting Standards

Unit: In Thousands of New Taiwan Dollars

Year Item		Financial data for the last 5 years (Note 1)					Financial information of the current year up to March 31, 2024 (reviewed)
		2019	2020	2021	2022	2023	
Current assets		1,780,507	1,886,912	2,335,126	2,355,001	1,953,313	2,195,401
Property, plant and equipment		1,360,494	1,336,853	1,415,891	1,815,758	2,048,409	2,155,458
Intangible assets		7,711	7,901	6,345	6,010	4,220	4,054
Other assets		385,369	334,652	583,236	602,123	573,502	514,958
Total Assets		3,534,081	3,566,318	4,340,598	4,778,892	4,579,444	4,869,871
CURRENT LIABILITIES	Before Distribution	1,085,862	1,161,937	1,600,758	1,182,908	721,123	715,511
	After Distribution	1,085,862	1,161,937	1,600,758	1,182,908	Note 2	—
Non-current liabilities		612,610	519,306	804,698	1,607,905	1,533,742	1,634,497
Total liabilities	Before Distribution	1,698,472	1,681,243	2,405,456	2,790,813	2,254,865	2,350,008
	After Distribution	1,698,472	1,681,243	2,405,456	2,790,813	Note 2	—
Equity attributable to owners of the parent company		1,252,472	1,297,364	1,335,041	1,377,703	1,769,465	1,876,088
Share capital		1,829,937	1,829,937	1,829,937	1,829,937	2,129,937	2,129,937
Capital surplus		2,371	0	0	2,139	299,942	299,942
Retained earnings	Before Distribution	(416,464)	(380,877)	(323,658)	(305,019)	(478,030)	(422,208)
	After Distribution	(416,464)	(380,877)	(323,658)	(305,019)	Note 2	—
Other equity		(163,372)	(151,696)	(171,238)	(149,354)	(182,384)	(131,583)
Treasury shares		0	0	0	0	0	0
Non-controlling Interests		583,137	587,711	600,101	610,376	555,114	643,775
Total equity	Before Distribution	1,835,609	1,885,075	1,935,142	1,988,079	2,324,579	2,519,863
	After Distribution	1,835,609	1,885,075	1,935,142	1,988,079	Note 2	—

Note 1: The above financial data for each year has been audited by the CPAs.

Note 2: Please fill in the figures after distribution based on the resolutions of the Board of Directors or the next year's shareholders' meeting. The deficit compensation plan for the year 2023 has yet to be recognized by the regular shareholders' meeting in 2024.



## 2. Consolidated statement of comprehensive income - International Financial Reporting Standards

Unit: In thousands of New Taiwan Dollars (except earnings per share in NT\$)

Year Item	Financial data for the last 5 years (Note 1)					Financial information of the current year up to March 31, 2024 (reviewed)
	2019	2020	2021	2022	2023	
Operating revenue	2,132,889	2,169,471	3,070,315	3,057,217	2,551,746	717,993
Gross operating profit	335,365	475,937	617,703	519,969	237,499	158,332
Operating Income (loss)	(96,567)	100,951	155,204	47,423	(248,196)	34,074
Non-operating income and expenses	(14,257)	(26,134)	(11,423)	5,649	(1,269)	24,600
Net profit (loss) before income tax	(110,824)	74,817	143,781	53,072	(249,465)	58,674
Net profit from continuing operations in the current period	(128,465)	37,374	90,481	14,717	(211,917)	53,060
Loss from Discontinued Operations	0	0	0	0	0	0
Net profit (loss) for the period	(128,465)	37,374	90,481	14,717	(211,917)	53,060
Other comprehensive income (loss) for the period (net of income tax)	(60,336)	12,092	(40,414)	36,040	(49,386)	67,244
Total comprehensive income for the period	(188,801)	49,466	50,067	50,757	(261,303)	120,304
Net profit attributable to owners of the parent company	(103,610)	33,393	59,329	16,348	(171,224)	55,822
Net income attributable to non- controlling interests	(24,855)	3,981	31,152	(1,631)	(40,693)	(2,762)
Total comprehensive gains/losses attributable to owners of the parent company	(147,398)	44,892	37,677	40,523	(204,523)	106,623
Total comprehensive gains/losses attributable to non- controlling interests	(41,403)	4,574	12,390	10,234	(56,780)	13,681
Earnings per Share	(0.57)	0.18	0.32	0.09	(0.81)	0.26

Note 1: The above financial data for each year has been audited by the CPAs.

### 3. Parent company only condensed balance sheet - International Financial Reporting Standards

Unit: In Thousands of New Taiwan Dollars

Item	Year	Financial data for the last 5 years (Note 1)					Financial information of the current year up to March 31, 2024 (reviewed)
		2019	2020	2021	2022	2023	
Current assets		815,030	794,720	817,920	830,210	697,874	<b>Not applicable</b>
Property, plant and equipment		283,660	268,707	286,573	483,203	691,487	
Intangible assets		653	1,701	1,115	1,327	616	
Other assets		1,571,297	1,644,590	1,871,778	2,022,738	2,136,861	
Total Assets		2,670,640	2,709,718	2,977,386	3,337,478	3,526,838	
CURRENT LIABILITIES	Before Distribution	909,252	985,274	948,226	459,243	389,745	
	After Distribution	909,252	985,274	948,226	459,243	Note 2	
Non-current liabilities		508,916	427,080	694,119	1,500,532	1,367,628	
Total liabilities	Before Distribution	1,418,168	1,412,354	1,642,345	1,959,775	1,757,373	
	After Distribution	1,418,168	1,412,354	1,642,345	1,959,775	Note 2	
Equity attributable to owners of the parent company		—	—	—	—	—	
Share capital		1,829,937	1,829,937	1,829,937	1,829,937	2,129,937	
Capital surplus		2,371	0	0	2,139	299,942	
Retained earnings	Before Distribution	(416,464)	(380,877)	(323,658)	(305,019)	(478,030)	
	After Distribution	(416,464)	(380,877)	(323,658)	(305,019)	Note 2	
Other equity		(163,372)	(151,696)	(171,238)	(149,354)	(182,384)	
Treasury shares		0	0	0	0	0	
Non-controlling Interests		—	—	—	—	—	
Total equity	Before Distribution	1,252,472	1,297,364	1,335,041	1,377,703	1,769,465	
	After Distribution	1,252,472	1,297,364	1,335,041	1,377,703	Note 2	

Note 1: The above financial data for each year has been audited by the CPAs.

Note 2: Please fill in the figures after distribution based on the resolutions of the Board of Directors or the next year's shareholders' meeting. The deficit compensation plan for the year 2023 has yet to be recognized by the regular shareholders' meeting in 2024.





#### 4. Parent company only statement of comprehensive income - International Financial Reporting Standards

Unit: In thousands of New Taiwan Dollars (except earnings per share in NT\$)

Item \ Year	Financial data for the last 5 years (Note 1)					Financial information of the current year up to March 31, 2024 (reviewed)
	2019	2020	2021	2022	2023	
Operating revenue	978,264	1,026,964	1,304,802	1,379,326	1,188,771	Not applicable
Gross operating profit	131,151	168,787	171,889	197,146	144,294	
Operating Income (loss)	(61,377)	(6,760)	(39,793)	(33,743)	(112,469)	
Non-operating income and expenses	(42,610)	66,031	129,214	71,086	(91,660)	
Net profit (loss) before income tax	(103,987)	59,271	89,421	37,343	(204,129)	
Net profit from continuing operations in the current period	(103,610)	33,393	59,329	16,348	(171,224)	
Loss from Discontinued Operations	0	0	0	0	0	
Net profit (loss) for the period	(103,610)	33,393	59,329	16,348	(171,224)	
Other comprehensive income (loss) for the period (net of income tax)	(43,788)	11,499	(21,652)	24,175	(33,299)	
Total comprehensive income for the period	(147,398)	44,892	37,677	40,523	(204,523)	
Net profit attributable to owners of the parent company	—	—	—	—	—	
Net income attributable to non-controlling interests	—	—	—	—	—	
Total comprehensive gains/losses attributable to owners of the parent company	—	—	—	—	—	
Total comprehensive gains/losses attributable to non-controlling interests	—	—	—	—	—	
Earnings per Share	(0.57)	0.18	0.32	0.09	(0.81)	

Note 1: The above financial data for each year has been audited by the CPAs.

(II) Names of CPAs and audit opinions in recent 5 years

1. Names of CPAs for The Most Recent Five Years and Their Audit Opinions

Year	Name of CPA	Audit Opinions
2019	Wu, Shih-Tsung, Chiu, Cheng-Chun	Unqualified opinion
2020	Wu, Shih-Tsung, Chiu, Cheng-Chun	Unqualified opinion
2021	Wu, Shih-Tsung, Chiu, Cheng-Chun	Unqualified opinion
2022	Wu, Shih-Tsung, Chiu, Cheng-Chun	Unqualified opinion
2023	Chang, Cheng-Hsiu, Chiu, Cheng-Chun	Unqualified opinion

2. If there has been a change of CPAs in the past five years, an explanation of the reasons for the change of the Company's predecessor and successor CPAs should be provided:

In the fiscal year 2019, there was an internal adjustment at Deloitte & Touche, with Wu, Shih-Tsung and Chiu, Cheng-Chun serving as the certified public accountants for our company. In the second quarter of the fiscal year 2023, there was an internal adjustment at Deloitte & Touche, with Chang, Cheng-Hsiu and Chiu, Cheng-Chun serving as the certified public accountants for our company.



## II. Financial Analyses for the Past Five Fiscal Years

### 1. Financial analysis- International Financial Reporting Standards - consolidated

Item analyzed (Note 2)	Year	Financial Analyses for the Past Five Fiscal Years (Note 1)					Financial information of the current year up to March 31, 2024 (reviewed)
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-to-asset ratio	48.05	47.14	55.41	58.39	49.23	48.25
	Ratio of long-term capital to property, plant and equipment	179.95	179.85	193.50	198.04	188.35	192.73
Solvency (%)	Current ratio	163.97	162.39	145.87	199.08	270.87	306.82
	Quick ratio	111.20	110.47	97.47	110.80	171.30	200.03
	Interest coverage ratio	(428)	531	977	254	(445)	757.55
Operation ability	Accounts receivables turnover rate (times)	3.66	3.83	4.22	3.66	3.28	3.68
	Average days for cash receipts	99.72	95.30	86.49	99.72	111.28	99.18
	Inventory turnover rate (times)	2.19	2.51	3.34	2.66	2.50	3.00
	Accounts payables turnover rate (times)	21.01	23.63	20.57	21.01	32.82	32.45
	Average days of sales of goods	166.66	145.41	109.28	137.21	146	122
	Property, plant, and equipment turnover rate (times)	1.54	1.60	2.23	1.89	1.32	1.36
	Total assets turnover rate (times)	0.59	0.61	0.77	0.67	0.54	0.60
Profitability	Return on assets (%)	(3.10)	1.44	2.61	0.78	(3.84)	5.08
	Return on equity (%)	(6.66)	2.00	4.73	0.75	(9.82)	8.76
	Income before tax to paid-in capital ratio (%)	(6.05)	4.08	7.85	2.90	(11.71)	11.01
	Net profit margin (%)	(6.02)	1.72	2.94	0.48	(8.30)	7.39
	Earnings per share (NT\$)	(0.57)	0.18	0.32	0.09	(0.81)	0.26
Cash flow	Cash flow ratio (%)	36.05	18.39	4.45	(6.80)	55.23	—
	Cash flow adequacy ratio (%)	126.11	126.25	67.17	34.05	35.79	—
	Cash reinvestment ratio (%)	7.61	4.05	1.27	(1.22)	5.72	—
Leverage	Operating leverage	(4.79)	5.07	3.69	8.12	(2.66)	—
	Degree of financial leverage	0.82	1.20	1.11	3.64	0.84	—

Reasons for changes in various financial ratios in the most recent two fiscal years. (analysis is not be required if such changes are within 20%).

1. Interest coverage ratio, as well as profitability indicators such as return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit ratio and earnings per share, all declined, mainly due to the reduction of net income before tax and net income after tax in 2023.
2. The current ratio and quick ratio increased, mainly due to the decrease in current liabilities at the end of year 2023.
3. The Property, plant, and equipment turnover rate decreased, mainly due to the decrease in sales revenue at the end of year 2023.
4. The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio all increased, mainly due to net outflow in 2022 compared to net cash inflow in 2023 (which is generated from net profit before tax adjusting for changes in assets/liabilities related to operating activities and income and expenses that did not affect cash flow).
5. The operating leverage and financial leverage decreased, mainly due to the decrease in operating income

in the year 2023.
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Note 1: The above financial data for each year has been audited by the CPAs.

Note 2: At the end of this table, the following formula shall be shown:

1. Financial structure
  - (1) Debt-to-asset ratio = Total liabilities/Total assets.
  - (2) Ratio of long-term capital to property, plant, and equipment = (Total equities + non-current liabilities) / (Total net value of property, plant, and equipment).
2. Solvency
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
  - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operation ability
  - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
  - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
  - (3) Inventory turnover rate = Cost of goods sold/Average inventories.
  - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
  - (5) Average days for sale of goods = 365/Inventory turnover rate.
  - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
  - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
  - (1) Return on assets = [Net income + Interest expenses  $\times$  (1-Tax rate)] / Average total assets.
  - (2) Return on equity = Income after tax/Average total equity.
  - (3) Net profit margin = Income after tax/Net sales.
  - (4) Earnings per share = (net gain or loss attributable to owners of the parent company - preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow



- (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
  - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross amount of property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
- (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating revenue.
  - (2) Degree of financial leverage (DFL) = Operating revenue / (Operating revenue - Interest expenses)

2. Financial analysis- International Financial Reporting Standards - parent company only

Year Item analyzed (Note 2)		Financial Analyses for the Past Five Fiscal Years (Note 1)					Financial information of the current year up to March 31, 2024 (reviewed)	
		2019	2020	2021	2022	2023		
Financial Structure (%)	Debt-to-asset ratio	53.10	52.12	55.16	58.72	49.82	Not applicable	
	Ratio of long-term capital to property, plant and equipment	620.95	641.75	708.07	595.65	453.67		
Solvency (%)	Current ratio	89.63	80.65	86.25	180.77	179.05		
	Quick ratio	62.65	57.52	49.15	90.92	103.82		
	Interest coverage ratio	(610)	549	789	321	(779)		
Operation ability	Accounts receivables turnover rate (times)	3.69	4.33	4.83	4.46	3.86		
	Average days for cash receipts	98.91	84.29	75.56	81.83	94.55		
	Inventory turnover rate (times)	2.48	3.29	3.84	3.12	3.00		
	Accounts payables turnover rate (times)	3.53	4.84	5.53	7.39	12.35		
	Average days of sales of goods	147.17	110.94	95.05	116.98	121.66		
	Property, plant, and equipment turnover rate (times)	3.44	3.71	4.69	3.58	2.02		
	Total assets turnover rate (times)	0.35	0.38	0.45	0.43	0.34		
	Profitability	Return on assets (%)	(3.29)	1.63	2.45	0.94		(4.44)
Return on equity (%)		(7.82)	2.61	4.50	1.20	(10.88)		
Income before tax to paid-in capital ratio (%)		(5.68)	3.23	4.88	2.04	(9.58)		
Net profit margin (%)		(10.59)	3.25	4.54	1.18	(14.40)		
Earnings per share (NT\$)		(0.57)	0.18	0.32	0.09	(0.81)		
Cash flow	Cash flow ratio (%)	1.81	11.75	(18.55)	(41.84)	35.94		
	Cash flow adequacy ratio (%)	55.23	112.20	(0.34)	(22.36)	(9.32)		
	Cash reinvestment ratio (%)	0.70	4.97	(6.78)	(5.61)	3.77		
Leverage	Operating leverage	(5.04)	(50.77)	(8.03)	(6.39)	(3.67)		
	Degree of financial leverage	0.80	0.33	0.75	0.66	0.82		
Reasons for changes in various financial ratios in the most recent two fiscal years. (analysis is not be required if such changes are within 20%).								
1. Interest coverage ratio, as well as profitability indicators such as return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit ratio and earnings per share, all declined, mainly due to the reduction of net income before tax and net income after tax in 2023.								



2. The ratio of long-term capital to property, plant and equipment decreased, mainly due to the decrease of property, plant, and equipment at the end of year 2023.
3. The accounts payables turnover rate increased, mainly due to the decrease in accounts payable at the end of 2023.
4. The property, plant, and equipment turnover rate decreased, mainly due to the decrease of sales revenue and increase of property, plant, and equipment at the end of year 2023.
5. The total assets turnover rate decreased, mainly due to the decrease of sales revenue and increase of total assets at the end of year 2023.
6. The increase in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio was mainly due to cash inflow from operating activities in 2023 compared to cash outflow in 2022.
7. The operating leverage and degree of financial leverage increased, mainly due to the increase in Operating loss in the year 2023.

Note 1: The above financial data for each year has been audited by the CPAs.

Note 2: At the end of this table, the following formula shall be shown:

1. Financial structure

- (1) Debt-to-asset ratio = Total liabilities/Total assets.
- (2) Ratio of long-term capital to property, plant, and equipment = (Total equities + non-current liabilities) / (Total net value of property, plant, and equipment).

2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
- (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.

3. Operation ability

- (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
- (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
- (3) Inventory turnover rate = Cost of goods sold/Average inventories.
- (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each

period.

- (5) Average days for sale of goods =  $365 / \text{Inventory turnover rate}$ .
- (6) Property, plant, and equipment turnover rate =  $\text{Net sales} / \text{Average net property, plant, and equipment}$ .
- (7) Total assets turnover rate =  $\text{Net sales} / \text{Average total assets}$ .

#### 4. Profitability

- (1) Return on assets =  $[\text{Net income} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets}$ .
- (2) Return on equity =  $\text{Income after tax} / \text{Average total equity}$ .
- (3) Net profit margin =  $\text{Income after tax} / \text{Net sales}$ .
- (4) Earnings per share =  $(\text{net gain or loss attributable to owners of the parent company} - \text{preferred stock dividend}) / \text{weighted average number of shares outstanding}$ .

#### 5. Cash flow

- (1) Cash flow ratio =  $\text{Net cash flows generated from operating activities} / \text{Current liabilities}$ .
- (2) Cash flow adequacy ratio =  $\text{Five-year sum of net cash flows generated from operating activities} / \text{Five-year sum of capital expenditure, inventory additions and cash dividends}$ .
- (3) Cash reinvestment ratio =  $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross amount of property, plant and equipment} + \text{Long-term investments} + \text{Other non-current assets} + \text{Working capital})$ .

#### 6. Leverage

- (1) Operating leverage =  $(\text{Net operating revenue} - \text{Variable operating costs \& expenses}) / \text{Operating revenue}$ .
- (2) Degree of financial leverage (DFL) =  $\text{Operating revenue} / (\text{Operating revenue} - \text{Interest expenses})$





### III. Supervisors' or Audit Committee's Review Report for the Most Recent Financial Statements

#### **Acme Electronics Corporation Audit Committee's Audit Report**

This Audit Committee has audited the 2023 Business Report produced by the Board of Directors, the financial statements (including consolidated and parent company only financial statements) audited and certified by CPA Chang, Cheng-Hsiu and CPA Cheng-Chun Chiu of Deloitte Taiwan, and the proposal for Deficit Compensation and found no nonconformity. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is presented for approval to AGM.

To

Acme Electronics Corporation 2024 Annual General Meeting of Shareholders

Audit Committee of Acme Electronics Corporation

Independent Director: Chang, Lee-Chiou

Independent Director: Chen, Piao-Chun

Independent Director: Lin, Shun-Tian

March 6, 2024

- IV. The financial report and audit report for the most recent fiscal year: Please refer to page 267.
- V. The parent company only financial report audited by the CPAs for the most recent year: Please refer to Page 346.
- VI. Any Financial Difficulties Experienced by the Company and Its Affiliated Companies during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, as well as the Impact of the Aforesaid Difficulties on the Financial Position of the Company Shall be Listed: None.



## Chapter 7 Review, analysis, and risks of financial conditions and performance

### I. Financial Position

Unit: In Thousands of New Taiwan Dollars

Item \ Year	End of 2023	End of 2022	Difference	
			Amount	%
Current assets	\$1,953,313	\$2,355,001	\$(401,688)	(17)
Property, plant and equipment	2,048,409	1,815,758	232,651	13
Intangible assets	4,220	6,010	(1,790)	(30)
Other assets	573,502	602,123	(28,621)	(5)
Total Assets	4,579,444	4,778,892	(199,448)	(4)
CURRENT LIABILITIES	721,123	1,182,908	(461,785)	(39)
Non-current liabilities	1,533,742	1,607,905	(74,163)	(5)
Total liabilities	2,254,865	2,790,813	(535,948)	(19)
Share capital	2,129,937	1,829,937	300,000	16
Capital surplus	299,942	2,139	297,803	13,923
Retained earnings (Accumulated deficit)	(478,030)	(305,019)	(173,011)	57
Other equity	(182,384)	(149,354)	(33,030)	22
Non-controlling Interests	555,114	610,376	(55,262)	(9)
Total equity	2,324,579	1,988,079	336,500	17
(I) The main reasons for the significant changes (change of more than 20%) in assets, liabilities and shareholders' equities in the most recent two years:				
1. The intangible assets decreased, mainly due to the amortization over the useful life in 2023.				
2. The current liabilities decreased, mainly due to the reduction in short-term borrowings in 2023.				
3. The capital surplus increased, mainly due to the issuance of shares at a premium during the cash capital increase.				
4. The accumulated deficit increased, due to the tax loss incurred in 2023.				
5. Other equity decreased, due to the translation differences arising from the financial statements of foreign operations as a result of exchange rate fluctuations.				
(II) Effects: No material effect.				
(III) Future response plan: N/A				

## II. Financial Performance

### (I) Comparative analysis of financial performance

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2023	2022	Increase (decrease) amount	Change, (%)
Operating revenue - net	\$2,551,746	\$3,057,217	\$(505,471)	(17)
Cost of goods sold	2,314,247	2,537,248	(223,001)	(9)
Gross operating profit	237,499	519,969	(282,470)	(54)
Operating expenses	485,695	472,546	13,149	3
Operating net income (loss)	(248,196)	47,423	(295,619)	(623)
Non-operating income and expenses	(1,269)	5,649	(6,918)	(122)
Net profit (loss) before tax	(249,465)	53,072	(302,537)	(570)
Income tax benefit (expense)	37,548	(38,355)	75,903	(198)
Net profit (loss)	(211,917)	14,717	(226,634)	(1,540)

(I) Analysis of the main reasons for change in the increase/decrease ratio in the most recent two years:

1. Global demand for consumer electronics such as smartphones and laptops remained sluggish due to factors such as the Russia-Ukraine war, the Israel-Palestine conflict, and inflation. The supply chain inventory of the cloud server industry continued to stabilize, with annual shipments being revised downward. Additionally, the automotive electronics industry failed to grow as expected due to inflation and the impact of strikes in the United States, contributing to the overall sluggish demand in the ferrite core market. Under the influence of poor market conditions, intense price competition exacerbated the operational pressures and losses in the ferrite core business, resulting in a decrease in gross operating profit, operating income, net profits before tax and net profits.
2. Non-operating expenses increased, mainly due to the rise in interest expenses resulting from interest rate hikes.
3. The income tax benefits increased, mainly due to the decrease in net profits before tax.

(II) The expected sales volume in the next year and its basis: the annual sales volume is expected to reach 8,383 metric tons. In principle, sales targets are primarily determined by taking into consideration the balance between production and sales, as well as niche products.

(III) Effects on the Company's financial operations in the future: No material effect.

(IV) Future response plan: Not applicable



### III. Cash flow

Analysis of changes in cash flow and improvement plans for liquidity shortage in the most recent fiscal year, and cash liquidity analysis in the coming fiscal year

#### (I) Analysis and Explanation of Changes in Cash Flow in the Most Recent Year

Unit: In Thousands of New Taiwan Dollars

Beginning cash balance	Annual net cash flow from operating activities of the year	Other cash inflows (outflows) of the year	Cash Surplus (Inadequacy)	Remedies for cash shortage	
				Investment Plan	Financial plan
490,219	398,343	(431,839)	456,723	-	-

##### 1. Operating activities:

The net cash from operating activities increased compared to the previous year, mainly due to the inventory management.

##### 2. Investing activities:

Net cash outflow amounted to NT\$495,289 thousand, mainly resulting from acquisition of property, plant and equipment.

##### 3. Financing activities:

Net cash inflows amounted to NT\$91,437 thousand, mainly resulting from the decrease in borrowings.

#### (II) Improvement plan for liquidity shortage

No cash inadequacies.

#### (III) Cash liquidity analysis for the coming year

Beginning cash balance: NT\$456,723 thousands.

Cash inflow of the year: NT\$639,789 thousands.

Cash outflow of the year: NT\$655,990 thousands.

Cash surplus (shortage): NT\$440,522 thousands.

#### IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year:

The Company and its subsidiaries made capital expenditures of NT\$495,873 thousand in FY2023, which were financed by cash inflows from operational activities and fundraising activities, and had no impact on the Company's and its subsidiaries' finances. Continued capital expenditures will enhance the competitiveness and operating performance of the Company and its subsidiaries.

#### V. Reinvestment Policy For The Most Recent Fiscal Year, The Main Reasons for The Profits/Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, And Investment Plans for The Coming Year:

USI Optronics Corporation ("USIO") reinvested by the Company still incurred a net loss of NT\$13,362 thousand due to weak market demand and persistently low prices in the sapphire industry. The sapphire market is still highly competitive and the market for newly developed products is not yet mature, so USIO will continue to strive to increase revenue and reduce losses and cash expenses to meet the challenges.

Regarding the investment plan for the next year, the Company will prudently evaluate investment plans from a long-term strategic perspective to respond to future production capacity needs and continue to strengthen competitiveness.



## VI. Risk Analysis and Assessment

### (I) Risk Management Organization Structure

Important Risk Assessment Items	Executive and Responsible Entities	Supervision unit
1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future	Financial units of the Company and its subsidiaries	Audit Division of the Company
2. Policy Regarding High-risk Investments, Highly The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future	Financial units of the Company and its subsidiaries	
3. Research and development work to be carried out in the future, and further expenditures expected for research and development work.	R&D units of the Company and its subsidiaries	
4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.	Financial units of the Company and its subsidiaries	
5. Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.	The financial, marketing strategy and sales units of the Company and its subsidiaries, the Information Office of the Group	
6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.	Administration units of the Company and its subsidiaries	
7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.	Financial units of the Company and its subsidiaries	
8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.	Plants of the Company and its subsidiaries	
9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.	Supply chain and sales units of the Company and its subsidiaries	
10. Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken. K. Effect upon and risk to company associated with any change in governance personnel or top management, and	Financial units of the Company and its subsidiaries	

Important Risk Assessment Items	Executive and Responsible Entities	Supervision unit
mitigation measures being or to be taken.		
11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.	The Board of Directors of the Company	
12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report. M. Other important risks, and mitigation measures being or to be taken.	Legal units of the Company and its subsidiaries	
13. Risks and countermeasures related to ESG issue	Each relevant unit of the Company and its subsidiaries	

## (II) Risk management policy

1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

Unit: In Thousands of New Taiwan Dollars

Item	2023		2022	
	Amount	Proportion to revenue	Amount	Proportion to revenue
Interest income	13,766	0.54%	7,964	0.26%
Interest expense	45,779	1.79%	34,399	1.13%
Operating revenue	2,551,746	100.00%	3,057,217	100.00%

Interest rates continued to rise in 2023, resulting in higher costs of capital for the Company and its subsidiaries. In addition to using the





money market to issue commercial paper to obtain cheaper financing, the Company and its subsidiaries also used land and plant to provide guarantees to obtain medium- and long-term financing banks. The Company also provided endorsement guarantees to its subsidiaries to obtain financing from banks at lower interest rates.

Unit: In Thousands of New Taiwan Dollars

Item	2023		2022	
	Amount	Proportion to revenue	Amount	Proportion to revenue
Exchange gain (loss)	7,987	0.31%	11,959	0.39%
Operating revenue	2,551,746	100.00%	3,057,217	100.00%

Because the proportion of export sales of the Company reached 99% in 2023, and most of the client's bonded plants in mainland China chose USD for quotation and payment. The Company's foreign currency revenue from sales is comparable to the foreign currency demand for raw materials and other imported purchases, and the Company adjusts its foreign currency quotations from time to time in response to changes in the exchange rate between NTD and USD, and uses forward exchange to hedge risk as necessary. The Company's exposure to exchange rate risk is still effectively controlled.

The slowdown in the COVID-19 epidemic, the recovery in global demand, the rise in interest rates in the United States and the Russia-Ukraine war have caused inflation. The Company and its subsidiaries will continue to strengthen operational management, improve production efficiency, and cooperate with customers to accelerate product innovation and research and development in order to gain a competitive advantage in the market and maintain profitability.

2. The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in

the future:

- (1) The Company and its subsidiaries do not engage in high-risk, highly leveraged investments and do not engage in derivative transactions other than foreign exchange hedging operations. The Company follows the Procedures for the Acquisition or Disposal of Assets for derivative transactions to reduce the risk of exchange rate fluctuations of foreign currency assets and liabilities through forward exchange transactions.
  - (2) The Company and its subsidiaries follows the Procedures for Lending Funds to Others in lending funds to others, and conduct thorough assessments before providing funds and diligently track the progress afterward.
  - (3) The Company and its subsidiaries follows the Procedures for Making Endorsements / Guarantees in providing endorsements and guarantees, and conduct thorough assessments before endorsing or guaranteeing any obligations and diligently track the progress afterward.
  - (4) The Company and its subsidiaries have not lend funds to companies other than the consolidated entities, nor have they provided endorsement guarantees to companies other than the consolidated entities.
3. Research and development work to be carried out in the future, and further expenditures expected for research and development work:

Continuous technical improvement and innovation is the important basis for the Company to expand its competitive advantage and has an innovative leadership position in the market to meet the different design needs from customers. In 2024, the Company's research and development focus in materials primarily emphasize on the development of materials for automotive system components. This includes applications such as power supply for Electric Vehicle On-Board Charger (OBC), CAN-BUS communication, Parking sensors,



and high-frequency power products for AI servers. In terms of product development, we are working with leading domestic and foreign companies to develop high-frequency, high-power, and lower loss green materials to meet future market demand and development trends. Based on the experience of R&D expenses in the past few years, it is estimated that the ratio of R&D expenses to revenue will be about 5%.

Unit: In Thousands of New Taiwan Dollars

The most recent year plan	Current progress	R&D expenses that should be reinvested	Completion time	Key factors influencing the success of future R&D
Alloy Product Technology Development	Sample fabrication and testing	50,000	December 2024	Electrical vehicle market and PV/wind inverter demand
CIM new forming technology development	Product testing and validation stage	30,000	December 2024	Progress of vehicle component recognition
SiC Ceramic Powder and parts	Sample delivery and testing	300,000	December 2024	Semiconductor equipment demand and verification

- Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, there were no significant domestic or foreign policy and legal changes that had a material impact on the Group's financial operations.

- Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

For the impact of technological changes and industrial changes on the Company's financial operations and the countermeasures, please refer to (2) Industry Overview of V: Operational Overview.

Impact of information security risks on the Company's financial business and the countermeasures:

(1) Risk of information technology security

The core of the manufacturing industry is the maintenance and management of factory, and the production process is mainly managed and controlled by the operation technology (OT), such as distributed control system (DCS), supervisory control and data acquisition (SCADA). Based on the stability of production and other requirements, these OT equipment, often the operating system or the program itself, have not been upgraded and updated over the years, becoming the so-called legacy system, so the degree of information security protection is obviously inadequate compared to the general information systems (Information Technology (IT)), such as ERP, CRM, OA and other software and hardware equipment.

(2) Management measures for information technology security

- Internal audits are conducted regularly by the Company's Audit Department and external professional information security consultants, while external audits are conducted annually by Taiwan Branch of the British Standards Institution (BSI), an internationally renowned certification company, for the ISO 27001 certification each year. In addition to the audit of information security risk management framework, the Company also carries out the prevention coaching and information security risk assessment analysis for the internal and external issues.
- Fully applied multi-Factor Authentication (MFA) mechanism in the Group's mail system. In addition to password authentication, the second authentication is required through other tools to enhance the level of security.



- Adopted Palo Alto networks 3220 in industrial control equipment (OT) to improve the execution efficiency of filtering incoming and outgoing packets and effectively reduce the risk of system vulnerability exposure with the next-generation 7-layer firewall system.
  - To enhance control over external devices connected to industrial control equipment, it is recommended to restrict USB access. This measure will help prevent data leakage and external cybersecurity attacks, thereby avoiding any disruptions to the production line.
  - External Storage Media Health Check: Perform a thorough assessment of external storage media to minimize the chances of data loss and undetected cybersecurity threats. This can be achieved through regular virus scanning, inspection, and inventory management.
  - We appoint professional external information security consulting companies to conduct vulnerability assessments each year to identify potential risks for system corrections or propose remedial measures.
  - To strengthen personnel information security management, prevented hacker intrusion or data leakage and other incidents, information personnel conduct at least four hours of information security training each year.
6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:
- There is no significant image change that affects corporate crisis management during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.
7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:
- There are no planned mergers and acquisitions during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

There are no plans to expand the plant during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The customers and raw material suppliers in 112 were still scattered, and there was no excessive concentration.

10. Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There is no such circumstance during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:

There is no such circumstance during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders'



equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

There is no such circumstance during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

### 13. Risks and countermeasures related to ESG issue

To strengthen corporate governance, reduce possible operating risk and ensure the stable operation and sustainable development, the Company's Audit Committee and the Board of Directors passed the Risk Management Policy and Procedures in December 2020. The Risk Management Policy and Procedures consists of risk management policy, organization of risk management, risk management process, risk management category and mechanism, effectively controlling the risks arising from business activities. The risk management operations are reported to the Audit Committee and the Board of Directors every year.

The Company has internalized risk management into its daily operations, with each unit conducting ongoing risk assessments and controls to safeguard the interests of the Company, employees, shareholders, and stakeholders, in pursuit of sustainable operations.

The Company's functional units conducted detailed risk identification based on their respective specialties, and formulated management strategies and countermeasures to reduce, transfer, or avoid risks, which were supervised by the Audit Department. The key operations of risk management units in 2023 were as follows:

No.	Risk Categories	Implementation Status in 2023
I	Financial risks	<p>1. Risks of interest rate fluctuations: Due to the soaring inflation caused by soaring global commodity, central banks have raised interest rates to curb inflation. During the period of rising interest rate:</p> <p>(1) Short term fund demand: Closely monitor changes in the Central Bank of the Republic of China's interbank interest rates and rates on central bank negotiable certificates of deposit (NCDs) of various tenors, adjust borrowing durations appropriately to effectively reduce costs, and prepare sufficient short-term funds for operational needs.</p> <p>(2) Medium- and long-term fund demand: Obtain medium- and long-term credit from financial institutions, lock the capital cost with fixed interest rate, so as to avoid the risk of future interest rate rise.</p> <p>Adjust borrowing limits in a timely manner and adjust the proportion of short-term/medium-to-long-term borrowings to maintain a short-term drawdown rate not exceeding 50%. This ensures a more robust overall financial structure, thereby reducing the risk stemming from interest rate fluctuations.</p> <p>2. Risks of exchange rate fluctuations: The United States Federal Reserve has raised interest rates sharply to fight inflation, resulting in great volatility in the international foreign exchange market. In principle, foreign exchange operations should adopt 100% of the Company's net position to avoid risks; However, when the trend of the exchange rate market is obviously favorable to the Company, the hedge ratio will be appropriately adjusted within the controllable risk range.</p> <p>3. Risk of Property Loss: The Company has insured various properties based on its business and asset scale, using replacement cost as the basis, appropriately transferring risks to insurance companies.</p> <p>4. Risks of endorsement and guarantee: The endorsed and guaranteed parties of the Company include its subsidiaries holding 60.1% and 100% of the shares. Providing endorsement and guarantee facilities helps reduce their funding</p>





No.	Risk Categories	Implementation Status in 2023
		<p>costs and increases flexibility in fund allocation. This endorsement and guarantee align with the established business strategy and the assumed risks fall within the Company's acceptable risk tolerance level.</p> <p>5. Risks of accounts receivable: For overdue customers, we first suspend shipments and promptly visit the customer to clarify the reasons for the overdue payment. We inquire whether there are any abnormalities in their payment process. If necessary, we initiate precautionary measures such as withholding or sealing the customer's assets. The Company holds periodic meeting to assess the customer's operating status or analyze its financial report. If anything is found to have gone wrong with the customer, the Company will suggest suspending the shipment or reducing the line of credit.</p>
II	Risk of strategy and operation	<p>1. The operating units report strategic issues to the directors on a regular basis to reduce strategic risks through advice and supervision of the directors.</p> <p>2. Hold weekly cross-factory video conferences to continuously review the operational status of each factory,</p> <p>3. Hold weekly sales and R&amp;D meetings to closely monitor and stay abreast of changes and trends in competitors, markets, industries, and customers. This information serves as a reference for production, technology, and product development directions.</p>
III	Risk of raw material prices and supply chains	<p>1. Fluctuations in raw material prices: The overall market conditions are unfavorable, with raw material prices decreasing. We will continuously monitor and understand the demand for raw materials within the factory and the fluctuation of raw material prices, enabling us to make optimal procurement decisions.</p> <p>2. Management of raw materials inventory and logistics: Confirm the demand of the user by rolling adjustment, and prepare and arrange the materials in advance to make the raw material inventory and logistics management normal.</p> <p>3. Plan for production equipment spare part: The production unit should set up and regularly review plans for spare parts of the main production equipment. The procurement team is required to</p>

No.	Risk Categories	Implementation Status in 2023
		follow the plans for spare parts, stay up-to-date on suppliers' delivery schedules for spare parts of the production equipment and order parts in a timely manner.
IV	Occupational safety risk	<ol style="list-style-type: none"> <li>1. In order to improve the efficiency of occupational safety and health management, the Company introduced ISO 45001 occupational safety and health management system in April 2022 and was certified in December 2022. The management system has been continuously in operation throughout 2023, setting goals, identifying risks, and implementing relevant occupational safety and health measures to achieve the goal of zero occupational accidents, demonstrating the Company's social responsibility.</li> <li>2. In coordination with the USI Group's Preventive Maintenance and Environmental Risk Control Division to regularly disseminate accidents in the Group and industrial safety and environmental protection related news at home and abroad for reference.</li> <li>3. Contracted on-site health management personnel are employed to conduct employee health management, organize health activities, and conduct relevant health education operations to enhance employee health awareness and reduce occupational health risks.</li> </ol>
V	Information Security Risk	<ol style="list-style-type: none"> <li>1. The Company has commissioned a professional cybersecurity consulting firm to conduct biannual social engineering drills and cybersecurity education training and tests to strengthen the cybersecurity awareness of employees.</li> <li>2. Regularly dispatch personnel to conduct cybersecurity inspections and asset inventory of OT computers in the factory area, strengthen cybersecurity controls over OT computer equipment, and implement locking controls on USB ports to reduce cybersecurity risks associated with USB ports.</li> <li>3. Each year, engage professional ISO cybersecurity consultants to assist in conducting cybersecurity audits, strengthening internal cybersecurity controls, and enhancing various operational cybersecurity processes. Implement biannual vulnerability scans and vulnerability remediation measures.</li> <li>4. Engage professional ISO cybersecurity consultants</li> </ol>



No.	Risk Categories	Implementation Status in 2023
		<p>to conduct an information environment security check, including packet flow collection and analysis for servers, client computers, AD hosts, and core network switches.</p> <p>5. The Company regularly invites internationally renowned verification agencies to perform ISO 27001 verification checks every year. As of this year, we have passed ISO 27001 verification for ten consecutive years. Furthermore, the internal audit department of the Group conducts cybersecurity audits twice a year.</p> <p>6. The Company's corporate website will be migrated to the cloud, and through cloud-based cybersecurity protection and backup mechanisms, the effectiveness and integrity of the website operation will be ensured.</p> <p>7. Continuously updating the system versions and cybersecurity protection suites of the external firewall to ensure it has the latest anti-hacking capabilities; conducting regular disaster recovery and backup drills for the external firewall every year to enhance the ability of the enterprise firewall to operate continuously.</p> <p>8. The Group's critical system servers regularly conduct disaster recovery drills to enhance system recovery speed and capability. For critical system data, the 3-2-1 backup principle is followed, ensuring multiple copies of data are maintained, including one offsite backup. This ensures that in the event of a disaster, the Group can swiftly restore to normal operations, ensuring continuity of business operations.</p> <p>9. Conduct regular inventory checks and antivirus scans on USB external storage devices used within the Group to ensure the safe usage of permitted USB storage devices.</p> <p>10. In accordance with the requirements of the Financial Supervisory Commission (FSC), establish a dedicated cybersecurity unit comprising designated cybersecurity supervisors and personnel responsible for planning, monitoring, and executing information security management operations and oversight.</p> <p>11. For critical information assets, deploy two sets of heterogeneous endpoint detection and response (EDR) software as complementary measures for intrusion prevention.</p>

No.	Risk Categories	Implementation Status in 2023
VI	Legal risk	The Legal Division of USI Group provides consultation and advice to ensure that the Company's activities comply with statutory requirements, and deals with the preparation and review of various legal documents related to the transaction, and provides appropriate and feasible suggestions to facilitate the completion of the transaction while ensuring the rights and interests of the Company and avoiding derivative default risks and liabilities. The Company has operated normally and performed well in control of the risk in 2023.
VII	Human resources risks	<p>In addition to managing risks based on last year's assessments, this year, we remain vigilant to any changes in relevant risks and adapt our control mechanisms accordingly.</p> <p>1. Risk of insufficient human resource supply - shortage risk:</p> <p>(1) Talent selection: Utilize human resource databases, ESG websites, company websites, and other online platforms to search for suitable candidates for job vacancies. Collaborate with government agencies to enhance the Company's image and visibility, thereby increasing the sources of talent and the willingness of candidates to apply.</p> <p>(2) Talent Development:</p> <ul style="list-style-type: none"> <li>➤ Establishing a training roadmap and development plan: Classify training programs into categories such as orientation for new employees, core and managerial skills training, professional skills training, common general education courses, language courses, etc., based on the differences in "courses," "common content," and "target audience." Tailor the training to individual needs.</li> <li>➤ According to the broader environment, utilizing technology to drive changes in human influence, actively reshaping and redefining employee skills.</li> <li>➤ Establish an annual promotion nomination system and set up a talent review committee to ensure that excellent employees are developed in roles that suit their abilities.</li> </ul> <p>(3) Talent Deployment: Enhance talent identification and development planning to ensure the cultivation of successors.</p>



No.	Risk Categories	Implementation Status in 2023
		<p>2. The risk of staff stability - loss risk:</p> <ul style="list-style-type: none"> <li>(1) Maintaining effective communication with our employees has been a top priority. In 2023, regular meetings and daily interactions with labor and welfare committees were held to establish a good cooperative relationship between labor and management.</li> <li>(2) Establish a competitive remuneration system to motivate employee performance and boost overall morale.</li> <li>(3) All employees are eligible to participate in the distribution of the Company's business results, which will be allocated to employees based on actual profitability.</li> <li>(4) The remuneration of employees in overseas subsidiaries is determined based on local labor market conditions to ensure a fair and competitive salary level. Additionally, local laws, industry practices, and the overall performance of each subsidiary are taken into account when determining compensation. This approach aims to encourage long-term contributions from employees and foster mutual growth with the company.</li> </ul> <p>3. Legal compliance risk:</p> <ul style="list-style-type: none"> <li>(1) The Company has established the Ethical Management Best Practice Principles, the Procedures and Guidelines for Integrity Management, while the Group has established the Code of Ethics for Directors and Managers and the Code of Conduct for Employees Regarding Concurrent and Part-time Work among other regulations. In 2023, the Company continued to conduct integrity and compliance training courses to ensure adherence to relevant laws and regulations.</li> <li>(2) The Company has engaged an external legal team specializing in labor law to serve as legal advisors, providing timely legal consultations on compliance matters. A designated individual is tasked with regularly reviewing personnel regulations to ensure legal compliance and implementation. Company policies are updated as needed to align with relevant legal requirements.</li> <li>(3) Develop a whistle-blowing system and ensure its implementation effectiveness:</li> </ul>

No.	Risk Categories	Implementation Status in 2023
		<ul style="list-style-type: none"> <li>➤ Established the “Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct” to promote the reporting of any illegal behavior or violation of the Code of Conduct or the Ethical Corporate Management Principles.</li> <li>➤ Employees or external party can choose to access the Company’s website or a dedicated hotline set up at the Audit Office to report cases of illegal, unethical, or dishonest conduct through the public network.</li> </ul> <p>There were no violations or reported illegal incidents in 2023.</p>
VIII	Research and development risk	<ol style="list-style-type: none"> <li>1. Based on the promotion of industrial status and maintenance of existing technical achievements, the Company submitted to the Board of Directors on August 11, 2020 the Intellectual Property Management Plan to implement the Company’s intellectual property management policy.</li> <li>2. On November 2 of this year, the Company submitted the Implementation Status of the Company’s intellectual Property Management Plan in 2023 and the Development Plan in 2024 to the Board of Directors.</li> <li>3. Hold weekly sales and R&amp;D meetings to closely monitor and stay abreast of changes and trends in competitors, markets, industries, and customers. This information serves as a reference for production, technology, and product development directions.</li> <li>4. The Company requires employees to sign non-disclosure agreements to protect trade secrets and intellectual property rights.</li> </ol>
IX	Risk of climate change and the environment	<ol style="list-style-type: none"> <li>1. The environmental impact of carbon emissions during operations:               <ol style="list-style-type: none"> <li>(1) Through the TCFD and international research reports, the Company analyzes the potential risks of climate change, identifies possible opportunities and countermeasures, conducts financial impact analysis, and specifies the countermeasures.</li> <li>(2) The Group held on-site exchange meetings on February 22 and September 7, facilitating a series of audit activities and training courses to promote energy conservation, carbon reduction, occupational safety,</li> </ol> </li> </ol>



No.	Risk Categories	Implementation Status in 2023
		<p>environmental protection, and equipment maintenance.</p> <p>(3) The Group has held the 2023 Annual Group Plant Technical Exchange Conference on October 25. Through case presentations and selection, outstanding performance will be recognized and awarded, encouraging continuous implementation and improvement of occupational safety, environmental protection, equipment maintenance, energy conservation, and carbon reduction efforts across the factories.</p> <p>(4) The Taoyuan Plant completed ISO-14061-1 verification in 2022, with a total Scope 1 and Scope 2 emissions of 9,305.88 metric tons of CO<sub>2</sub>e per year. The Taoyuan Plant and Taipei office are expected to complete the verification operations for Scope 1, Scope 2, and Scope 3 emissions by the end of the year.</p> <p>(5) Continuously monitor changes in energy and carbon management-related policies and regulations, and actively participate in public hearings for the discussion of new or revised regulations.</p> <p>2. The operational processes cause pollution to the environment:</p> <p>(1) The Company performs USI Group's safety and environmental inspection to check and improve the compliance with regulations concerning work safety, environmental protection, and fire prevention.</p> <p>(2) The Company holds annual education and training programs on industrial safety and environmental protection to enhance the skills of work safety and environmental protection personnel in each plant and teach them new knowledge of safety and environmental regulations.</p> <p>(3) Continuously monitor changes in domestic and international environmental regulations, and actively participate in public hearings on the revision of environmental regulations through industry associations.</p> <p>(4) The USI Group's Preventive Maintenance and Environmental Risk Control Division non-periodically produced one-page</p>

No.	Risk Categories	Implementation Status in 2023
		advocacy materials on accidents in the Group and industrial safety and environmental protection related news at home and abroad for reference.
X	Risk of disasters and accidents	<ol style="list-style-type: none"> <li>1. There have been no occupational accidents and fire accidents at the Taoyuan Plant.</li> <li>2. Carry out machine maintenance and test to ensure operation safety.</li> </ol>
XI	Technology risk	<ol style="list-style-type: none"> <li>1. Annual audits are conducted on the Group's SSLVPN accounts to maintain minimal authorization for information security control.</li> <li>2. We continually monitor various cybersecurity issues (such as security alerts from the National Communications and Information Security Center) and conduct checks and vulnerability remediation in the Group's information and communications environment.</li> <li>3. We continuously conduct cybersecurity management according to the three-stage defense system (prevention, detection, and response) established based on the Group's operational practices.</li> <li>4. The Company distributes laptops equipped with SSL VPN connection mechanism to enhance the security of users accessing laptop information from outside the Company's premises.</li> <li>5. In response to changing market demands and outdated production technology: <ol style="list-style-type: none"> <li>(1) Implementing Six Sigma and TRIZ methodologies, we establish a systematic and scientific approach to innovation and problem-solving. This enables rationalization, automation, and intelligence in our production processes, enhancing overall quality and cost competitiveness.</li> <li>(2) The Company has introduced ISO 50001 energy management system, and plans to introduce the intelligent factory management system to collect the production data systematically for analysis, and collect the production equipment energy consumption data, so as to keep promoting energy saving and carbon reduction.</li> <li>(3) The Company optimizes the process conditions of existing equipment to increase production capacity, and by the opportunity of eliminating aging equipment, works with</li> </ol> </li> </ol>





No.	Risk Categories	Implementation Status in 2023
		suppliers to develop equipment with lower energy consumption and higher production efficiency to meet customer capacity requirements and reduce carbon emissions.
XII	Other risks	<p>Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), commonly known as COVID-19, has mutated into Omicron and its BA.5 variant. While the severity of infections has decreased, the transmissibility has significantly increased, along with the risk of reinfection. The Company continues to respond to operations with the utmost caution, ensuring uninterrupted operations while safeguarding the health of employees.</p> <p><b>Control mechanism:</b></p> <ol style="list-style-type: none"> <li>1. The Group's HR Department adjusts various epidemic prevention measures on a rolling basis in accordance with the COVID-19 information announced by the Central Epidemic Command Center.</li> <li>2. The Information Office of the Group has established an online platform for employees to voluntarily report their health status. Personnel at each company and factory window will report the information provided by colleagues on the "Daily Epidemic Reporting Platform" for subsequent management and control by designated personnel.</li> <li>3. Epidemic prevention supplies will be adjusted and stocked according to the situation of the epidemic.</li> <li>4. Epidemic prevention measures will be formulated and adjusted based on the situation of the epidemic: <ul style="list-style-type: none"> <li>➤ Control measures for domestic and international travel</li> <li>➤ Employee access control</li> <li>➤ Regulations for visitors and contracted vendors</li> <li>➤ Building management - Enhancing cleaning and disinfection measures</li> <li>➤ Elevator Management - Mandatory mask usage</li> <li>➤ Conference room management and meeting regulations</li> <li>➤ Restaurant catering and dining management</li> <li>➤ Management of public vehicles and shuttle transportation</li> <li>➤ Education and training</li> <li>➤ Information system support and control</li> <li>➤ Implement personnel segregation at work according to the epidemic situation</li> </ul> </li> <li>5. Establishing an epidemic screening mechanism.</li> </ol>

No.	Risk Categories	Implementation Status in 2023
		<p><b><u>Implementation status:</u></b></p> <p>In 2023, epidemic control was effective, and based on the information released by the Central Epidemic Command Center, COVID-19 was downgraded from a Category 5 statutory infectious disease to a Category 4 as of May 1, 2023.</p> <p>The Group's epidemic prevention measures have been adjusted accordingly, and restrictions on confirmed cases and positive rapid tests have been lifted. Instead, individuals experiencing cold-like symptoms are now encouraged to manage their health autonomously.</p>

14. Other significant risks and response measures:

As of the publication date of this annual report, there has been no other risk issues in the Company.

**VII. Other important matters: The Company's key performance indicators.**

- (I) Turnover (times) of consolidated inventory: 2.50 times in 2023.
- (II) Turnover (times) of consolidated property, plant and equipment: 1.32 in 2023.



## Chapter 8 Special Disclosure

I. Information related to the company's affiliates: the consolidated business report, consolidated financial statement, and affiliation report for the most recent fiscal year, compiled in accordance with the FSC's Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations.

(I) Consolidated Business Report of Affiliates

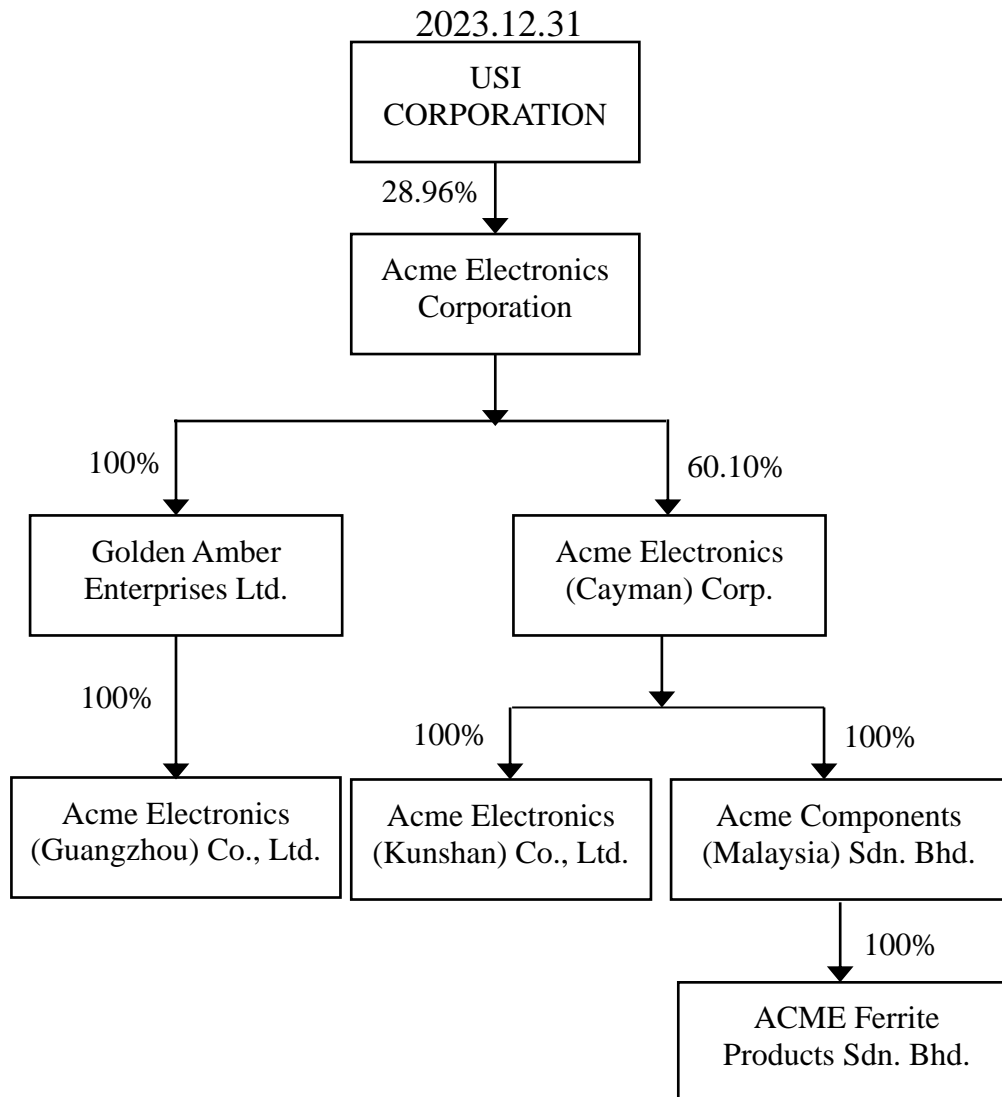
1. Overview of the affiliates:

- (1) Organizational Chart of Affiliates.
- (2) Basic information of affiliates, as shown in Table 1.
- (3) Profile of the same shareholders where they are deemed to have controlling or affiliation relationship: N/A.
- (4) Businesses covered by the affiliates' overall operations:
- (5) Information on directors, supervisors and President of each affiliate, as shown in Table 2.

2. Operational overview of each affiliate, as shown in Table 3.

## 1. Overview of affiliates

### (1) Organizational chart of affiliates





## (2) Basic information of affiliates

Table 1

## Acme Electronics Corporation

Basic information of each affiliate (12/31/2023)

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
Golden Amber Enterprises Ltd.	March 26, 1998	Citco Building, Wickhams Cay, PO Box 662, Road Town, Tortola, BVI	US\$20,800,000	Corporate investments
Acme Electronics (Guangzhou) Co., Ltd.	November 24, 2004	No. 1, Fuqian Road, Zengjiang Street, Zengcheng District, Guangzhou City, Guangdong Province, China	RMB 139,691,450 (US\$19,200,000)	Manufacturing and marketing of soft ferrite core
Acme Electronics (Cayman) Corp.	June 28, 2000	Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Island, British West Indies	US\$6,102,437	Corporate investments
Acme Electronics (Kunshan) Co., Ltd.	July 27, 2000	No. 533, Huangpujiang North Road, Kunshan City, Jiangsu Province, China	RMB 235,729,750 (US\$30,725,000)	Manufacturing and marketing of soft ferrite core
Acme Components(Malaysia) Sdn. Bhd.	September 6, 1990	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	RM42,600,000	Corporate investments
Acme Ferrite Products Sdn. Bhd.	September 21, 1990	Plot 15, Jalan Industri 6 Kawasan Perindustrian Jelapang II (ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	RM 37,964,129	Manufacturing and marketing of soft ferrite core

Note 1: All affiliates, regardless of size, should be disclosed.

Note 2: Where each affiliate has established its own plant, and the sales of the products manufactured by the plant exceed 10% of the controller company's operating revenue, the name, date of incorporation, address and principal business items of the plant shall be included herein.

Note 3: Where the affiliate refers to a foreign company, the name and address shall be stated in English, and the date of incorporation shall be expressed in A.D., the paid-in capital shall be expressed in the foreign currency.

(3) Profile of the same shareholders where they are deemed to have controlling or affiliation relationship: N/A.

(4) Businesses covered by the affiliates' overall operations:

The Company and its affiliates are engaged in the manufacture and sale of ferrite cores for information, communication, networking, consumer and automotive electronics applications. In general, the cooperation among the affiliates is based on the mutual support of technology, production capacity, marketing and services to reduce production costs, satisfy customer needs and maximize operating performance.

The relationship and cooperation within each affiliates are as follows:

A. Acme Electronics (Guangzhou) Co., Ltd.: The Company supplies ferrite powder as raw materials for the production of ferrite cores for domestic sales, and commissions the Company to perform supplied material processing of ferrite core molding, sintering and grinding, and assigns it to deliver to customers in South China for bonded plant or overseas sales.

B. Acme Electronics (Kunshan) Co., Ltd.: The Company sells ferrite powder as raw materials for the production of ferrite cores of the company, whose ferrite cores are mainly supplied to customers in East China for domestic sales, bonded plant, or overseas sales.

C. Acme Ferrite Products Sdn. Bhd.: The ferrite cores of the company are mainly supplied to local customers in Malaysia and customers in Europe.

(5) Information on Directors, Supervisors and President of Affiliated Companies



Table 2

### Information on Directors, Supervisors and President of Affiliated Companies

December 31, 2023; Unit: shares; %

Company Name	Title	Name or Representative	Individual Shareholding	Corporate Shareholding
Golden Amber Enterprises Ltd.	Director	Wu, Wen-Hao	0/0	—
	Director	Wu, Yi-Gui	0/0	
	Director	Wu, Pei-Chi	0/0	
	President	Wu, Wen-Hao	0/0	
Acme Components (Malaysia) Sdn. Bhd.	Chairman	Ho Sew Kong	0/0	42,600,000/100
	Director	Wu, Yi-Gui	0/0	
	Director	Wu, Wen-Hao	0/0	
	Director	Khor Kim Boon	0/0	
	Director	Vasudevan A/L Karunakaran Nair	0/0	
	President	Wu, Wen-Hao	0/0	—
Acme Ferrite Products Sdn. Bhd.	Chairman	Ho Sew Kong	0/0	9,120,000/100
	Director	Wu, Yi-Gui	0/0	
	Director	Wu, Wen-Hao	0/0	
	Director	Khor Kim Boon	0/0	
	Director	Vasudevan A/L Karunakaran Nair	0/0	
	President	Wu, Wen-Hao	0/0	—
Acme Electronics (Cayman) Corp.	Chairman	Wu, Yi-Gui	0/0	—
	Director	Wu, Wen-Hao	0/0	
Acme Electronics (Kunshan) Co., Ltd.	Chairman	Wu, Wen-Hao (assigned by Acme Electronics (Cayman) Corporation)	0/0	Amount of Capital Contribution USD30,725,000/100
	Director	Wu, Yi-Gui (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	Director	Huang, Ya-I (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	Director	Wu, Pei-Chi (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	Director	Chen, Yung-Chih (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	Supervisor	Yang, Wen-Li (assigned by Acme Electronics (Cayman) Corporation)	0/0	
	President	Wu, Wen-Hao	0/0	—
Acme Electronics (Guangzhou) Co., Ltd.	Chairman	Wu, Wen-Hao (assigned by Golden Amber Enterprises Ltd.)	0/0	Amount of Capital Contribution USD19,200,000/100
	Director	Wu, Yi-Gui (assigned by Golden Amber Enterprises Ltd.)	0/0	
	Director	Chen, Yung-Chih (assigned by Golden Amber Enterprises Ltd.)	0/0	
	Supervisor	Huang, Ya-I (assigned by Golden Amber Enterprises Ltd.)	0/0	
	President	Wu, Wen-Hao	0/0	—

Note 1: If the affiliate is a foreign company, list the personnel holding key positions.

Note 2: If the invested company is a company limited by shares, fill in the number of shares and proportion of shareholding. For others, fill in the investment amount and indicate the proportion of contribution.

Note 3: If the director or supervisor is a legal person, the related information of the representatives shall be disclosed.

## 2. Operational overview of affiliates

Table 3

### Operational overview of affiliates (12/31/2023)

Unit: In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Paid-in Capital	Total Assets	Total liabilities	Net value	Operating revenue	Operating income	Current profit or loss (after tax)	Earnings per share (NT\$) (After tax)
Acme Electronics (Kunshan) Co., Ltd.	943,411	1,123,705	445,642	678,063	799,221	(90,459)	(104,690)	-
Golden Amber Enterprises Ltd.	669,072	964,662	700	963,962	0	(819)	(72,483)	(3.48)
Acme Electronics (Cayman) Corp.	187,375	1,389,967	1,151	1,388,816	0	(3,378)	(94,932)	(1.56)
Acme Electronics (Guangzhou) Co., Ltd.	589,536	1,121,298	161,728	959,570	836,008	(99,389)	(71,856)	-
Acme Ferrite Products Sdn. Bhd.	243,387	836,889	149,735	687,154	504,191	5,803	18,315	2.01
Acme Components (Malaysia) Sdn. Bhd.	273,109	686,845	127	686,718	0	(117)	17,755	0.42

Note 1: All affiliates, regardless of size, should be disclosed.

Note 2: If the affiliate is a foreign company, all the relevant figures shall be expressed in New Taiwan Dollar (NT\$) based on the exchange rates on the date of this annual report.



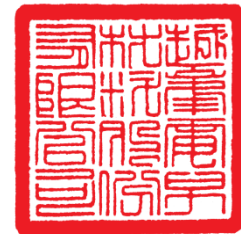


## (II) Consolidated Financial Statements of Affiliates

### Affiliates' Statement of Consolidated Financial Statements

In 2023 (from January 1, 2023 to December 31, 2023), the “companies” required to be included in the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards No. 10 (IFRS 10), and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the proceeding consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates.

Sincerely,



Company name: Acme Electronics Corporation

Chairman: Wu, Yi-Gui



March 6, 2024

(III) Affiliation Report

Acme Electronics Corporation

Affiliation Report

Year 2023

Address: 8th Floor, No. 39, Jihu Road, Neihu District, Taipei City

Tel: (02) 27980337



113.3.3 Q.S. No. 11302430

To: Acme Electronics Corporation

Subject: CPA opinion on the 2023 Statement of Affiliation Report prepared by your Company, in which no material inconsistency has been found

Description:

Your Company stated that the affiliation reports for the fiscal year of 2023 (from January 1 to December 31, 2023) prepared on March 6, 2024 were prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the above-mentioned period. The statement is as attached.

Deloitte & Touche

CPA                      Chang, Cheng-Hsiu

CPA                      Chiu, Cheng-Chun

## Statement of Affiliation Report

The accompanying Affiliation Report for the year 2023 (from January 1 to December 31, 2023) has been prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports and does not contain any material inconsistency with the information disclosed in the notes to the financial statements for the preceding period.

Sincerely,



Company name: Acme Electronics Corporation

Chairman: Wu, Yi-Gui



March 6, 2024



Acme Electronics Corporation

Affiliation Report

Year 2023

- I. Overview of the relationship between the subordinate company and the controlling company: See Table 1
- II. Transactions Details
  - 1. Purchase and sales transactions: None
  - 2. Property transactions: None
  - 3. Capital facilities: None
  - 4. Property leases: see Table 2
  - 5. Other significant transactions: None
- III. Endorsements and guarantees: None

Table 1

Overview of the relationship between the subordinate company and the controlling company (12/31/2023)

Unit: Shares; %

Name of controlling company	Reasons for the Control	Shares held and pledged by the controlling company			Any Directors or Supervisors Appointed to the Subordinate Company by the Controlling Company	
		Number of shares	Shareholding ratio	Number of Pledged Shares	Title	Name
Shing Lee Enterprise (Hong Kong) Limited Ltd	The Controlling Company of USI Corporation	0	0	0	None	None
USI CORPORATION	With direct and indirect control over the business operations of the Company	61,682,967	28.95%	0	Director	Wu, Yi-Gui / Hsu, Shan-Ko

Note: Where the controlling company of a subordinate company is the subordinate company of the other company, the relevant information of the other company should also be filled in. The same shall apply to any other company which is a subordinate company of another company.

Table 2

Lease of assets (2023)

Unit: In Thousands of New Taiwan Dollars

Transaction type (letting or lease)	Subject		Lease term	Lease nature (Note 1)	Rent determination basis	Collection (payment) method	Comparison with general rate of rent	Total rent for the current period	Collection/ Payment status in the current period	Other contractual matters (Note 2)
	Name	Location								
Acme as the Lessee USI as the Lessor	Housing (office and parking lots)	8F, No. 39, Jihu Road, Neihu District, Taipei City	2023.1.1~2023.12.31	Operating Lease	As per market price	Monthly Payment	Equivalent	3,194	Normal	None

Note 1: It should be stated that the nature is capital leasing or business leasing.

Note 2: If there are other rights, such as superficies, pawn rights, easements, etc., it should be specified.

- II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None
- IV. Other necessary supplementary explanations: None
- V. Any event which has a material impact on shareholders' rights and interests or the Company's securities as prescribed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, that have occurred in the most recent fiscal year up to the publication date of this annual report shall be indicated individually: None.



## **Independent Auditors' Report**

To: Acme Electronics Corporation

### **Audit Opinion**

We have audited the Consolidated balance sheets of Acme Electronics Corporation and its subsidiaries (the “Group”) as of December 31, 2023 and 2022 and the Consolidated statements of Comprehensive Income, Consolidated statements of Changes in Equity, and Consolidated statements of Cash Flows for January 1 to December 31, 2023 and 2022, and the accompanying Notes to the Consolidated financial Statements (including the Summary of Significant Accounting Policies).

In our opinion, the consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations as endorsed and issued into effect by the Financial Supervisory Commission (FSC), and are sufficient to give a fair representation of the financial position of the Group as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows from January 1 to December 31, 2023 and 2022.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards of 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 (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the 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 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 Consolidated Financial Statements of the Group for 2023 are as follows:

### **Revenue from Sales of Specific Products**

In 2023, the Group's revenue from sales of specific products increased significantly, which deviated from the overall trend in operating revenue, and the amount was significant. Therefore, the auditor has listed the authenticity of the aforementioned sales revenue as a key audit matter.

Please consult Note 4 of the Consolidated Financial Statements for accounting policies and relevant information concerning sales revenue.

#### **Audit Procedures:**

1. Obtain a comprehensive understanding of the operational procedures and internal controls associated with the Group's sales transactions and test the design and implementation of such controls.
2. Obtain specific sales revenue details and carefully review the relevant original orders, shipping documents, and other certificates associated with the recognition of sales revenue, as well as the actual receipt of payments to confirm the authenticity of sales revenue.
3. Review sales returns and discounts after the period to confirm whether there are any abnormalities.

## **Other Matters**

Acme Electronics Corporation has prepared the Parent Company Only financial reports for 2023 and 2022. The audit reports with unqualified opinions issued by the auditor are on file for reference.

## **Responsibilities of Management and 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 IFRS, IAS, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC, and such internal control as the management determines is necessary to enable the preparation of the 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 the 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.

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

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

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting 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 operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements (including the related notes) and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Consolidated Financial Statements of the Group.

We communicate with those in charge of 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.

Based on the matters communicated with those charged with governance, we determined the key audit matters for the Consolidated Financial Statements of the Group for 2023. 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.

Deloitte & Touche

CPA Chang, Cheng-Hsiu

CPA Chiu, Cheng-Chun

Financial Supervisory Commission  
Approved Document No.  
Financial Management Certificate  
Examination No. 1120349008

Financial Supervisory Commission Approved  
Document No.  
Financial Management Certificate  
Examination No. 0930160267

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

March 6, 2024

## Acme Electronics Corporation and Subsidiaries

## Consolidated Balance Sheets

December 31, 2023 and 2022

Unit: NT\$ thousands

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 456,723	10	\$ 490,219	10
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	142	-	450	-
1136	Financial assets at amortized cost - current (Notes 4, 8 and 25)	20,189	1	15,557	-
1150	Notes receivable (Notes 4 and 9)	56,452	1	46,749	1
1170	Accounts receivable, net (Notes 4, 9 and 24)	680,977	15	747,391	16
1200	Other receivables (Notes 4 and 24)	11,336	-	7,867	-
1220	Current tax assets (Notes 4 and 20)	9,485	-	2,473	-
130X	Inventories (Notes 4, 5 and 10)	669,164	15	981,880	21
1470	Other current assets	48,845	1	62,415	1
11XX	Total current assets	<u>1,953,313</u>	<u>43</u>	<u>2,355,001</u>	<u>49</u>
	Non-current assets				
1550	Investments accounted for under the equity method (Notes 4 and 12)	18,196	-	22,739	1
1600	Property, plant and equipment (Notes 4, 13 and 25)	2,048,409	45	1,815,758	38
1755	Right-of-use assets (Notes 4, 14 and 25)	169,178	4	191,452	4
1780	Intangible assets (Note 4)	4,220	-	6,010	-
1840	Deferred tax assets (Notes 4 and 20)	97,137	2	72,522	2
1915	Prepayments for equipment	277,851	6	306,477	6
1920	Refundable deposits (Note 25)	11,140	-	8,933	-
15XX	Total non-current assets	<u>2,626,131</u>	<u>57</u>	<u>2,423,891</u>	<u>51</u>
1XXX	Total Assets	<u>\$ 4,579,444</u>	<u>100</u>	<u>\$ 4,778,892</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Notes 15 and 25)	\$ 357,357	8	\$ 731,926	15
2110	Short-term notes payable, net (Note 15)	-	-	79,951	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	33	-	-	-
2170	Notes and accounts payable (Note 24)	61,477	2	79,524	2
2200	Other payables (Note 24)	274,117	6	266,430	6
2230	Current tax liabilities (Notes 4 and 20)	-	-	2,575	-
2280	Lease liabilities - current (Notes 4 and 14)	14,104	-	14,285	-
2320	Long-term borrowings due within one year (Notes 15 and 25)	1,047	-	-	-
2399	Other current liabilities	12,988	-	8,217	-
21XX	Total current liabilities	<u>721,123</u>	<u>16</u>	<u>1,182,908</u>	<u>25</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 15 and 25)	1,332,892	29	1,369,000	28
2570	Deferred tax liabilities (Notes 4 and 20)	106,086	2	131,223	3
2580	Lease liabilities - non-current (Notes 4 and 14)	44,212	1	59,304	1
2630	Long-term deferred incomes (Notes 4 and 17)	34,822	1	32,201	1
2640	Net defined benefit liabilities - non-current (Notes 4 and 16)	15,118	-	16,153	-
2645	Guarantee deposits received	612	-	24	-
25XX	Total non-current liabilities	<u>1,533,742</u>	<u>33</u>	<u>1,607,905</u>	<u>33</u>
2XXX	Total liabilities	<u>2,254,865</u>	<u>49</u>	<u>2,790,813</u>	<u>58</u>
	Equity attributable to owners of the Company (Notes 4, 16 and 18)				
3110	Ordinary share capital	2,129,937	46	1,829,937	38
3200	Capital surplus	299,942	7	2,139	-
3350	Accumulated deficit	( 478,030 )	( 10 )	( 305,019 )	( 6 )
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	( 182,384 )	( 4 )	( 149,354 )	( 3 )
31XX	Total equity attributable to owners of the Company	<u>1,769,465</u>	<u>39</u>	<u>1,377,703</u>	<u>29</u>
36XX	Non-controlling interests (Note 11)	<u>555,114</u>	<u>12</u>	<u>610,376</u>	<u>13</u>
3XXX	Total equity	<u>2,324,579</u>	<u>51</u>	<u>1,988,079</u>	<u>42</u>
	Total liabilities and equity	<u>\$ 4,579,444</u>	<u>100</u>	<u>\$ 4,778,892</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chung

Acme Electronics Corporation and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands (except Earnings (Losses) Per Share: NT\$)

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue				
4110	Sales revenue (Notes 4 and 24)	\$2,556,563	100	\$3,066,314	100
4170	Less: Sales returns and allowances	<u>4,817</u>	<u>-</u>	<u>9,097</u>	<u>-</u>
4000	Total operating revenue	2,551,746	100	3,057,217	100
	Operating costs				
5110	Cost of goods sold (Notes 4, 10, 16, 19 and 24)	<u>2,314,247</u>	<u>91</u>	<u>2,537,248</u>	<u>83</u>
5900	Gross profit	<u>237,499</u>	<u>9</u>	<u>519,969</u>	<u>17</u>
	Operating expenses (Notes 4, 9, 16, 17, 19 and 24)				
6100	Selling and marketing expenses	126,346	5	144,031	5
6200	Administrative expenses	187,467	7	189,714	6
6300	Research and development expenses	170,947	7	138,888	4
6450	Provision (reversal of provision) for bad debt expense	<u>935</u>	<u>-</u>	<u>( 87 )</u>	<u>-</u>
6000	Total operating expenses	<u>485,695</u>	<u>19</u>	<u>472,546</u>	<u>15</u>
6900	Net operating (loss) profit	<u>( 248,196 )</u>	<u>( 10 )</u>	<u>47,423</u>	<u>2</u>
	Non-operating income and expenses				
7100	Interest income	13,766	1	7,964	-
7010	Other income (Notes 4, 17, 19 and 24)	28,747	1	26,992	1
7630	Foreign exchange gains (Notes 4 and 19)	7,987	-	11,959	-

(Continued)

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7020	Other gains and losses (Notes 4, 7 and 19)	(\$ 1,447)	-	\$ 2,600	-
7050	Finance costs (Note 19)	( 45,779)	( 2)	( 34,399)	( 1)
7060	Share of profit or loss of affiliates accounted for under the equity method (Notes 4 and 12)	( 4,543)	-	( 9,467)	-
7000	Total non-operating income and expenses	( 1,269)	-	5,649	-
7900	Net profit (loss) before tax	( 249,465)	( 10)	53,072	2
7950	Income tax benefit (expense) (Notes 4 and 20)	37,548	2	( 38,355)	( 1)
8200	Net profit (loss) for the year	( 211,917)	( 8)	14,717	1
	Other comprehensive income (net)				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Notes 4 and 16)	( 337)	-	2,864	-
8349	Income tax relating to items not reclassified subsequently to profit or loss (Notes 4 and 20)	68 ( 269)	- -	( 573) 2,291	- -
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations (Note 4)	( 57,374)	( 2)	39,220	1

(Continued)



(Continued)

Code		2023		2022	
		Amount	%	Amount	%
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 20)	<u>8,257</u> <u>( 49,117 )</u>	<u>-</u> <u>( 2 )</u>	<u>( 5,471 )</u> <u>33,749</u>	<u>-</u> <u>1</u>
8300	Total other comprehensive income (net)	<u>( 49,386 )</u>	<u>( 2 )</u>	<u>36,040</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>( \$ 261,303 )</u>	<u>( 10 )</u>	<u>\$ 50,757</u>	<u>2</u>
	Net (loss) profit attributable to:				
8610	Owners of parent company	<u>( \$ 171,224 )</u>	<u>( 7 )</u>	<u>\$ 16,348</u>	<u>1</u>
8620	Non-controlling interests	<u>( 40,693 )</u>	<u>( 1 )</u>	<u>( 1,631 )</u>	<u>-</u>
8600		<u>( \$ 211,917 )</u>	<u>( 8 )</u>	<u>\$ 14,717</u>	<u>1</u>
	Total comprehensive income attributable to:				
8710	Owners of parent company	<u>( \$ 204,523 )</u>	<u>( 8 )</u>	<u>\$ 40,523</u>	<u>1</u>
8720	Non-controlling interests	<u>( 56,780 )</u>	<u>( 2 )</u>	<u>10,234</u>	<u>1</u>
8700		<u>( \$ 261,303 )</u>	<u>( 10 )</u>	<u>\$ 50,757</u>	<u>2</u>
	Earnings (losses) per share (Note 21)				
9750	Basic	<u>( \$ 0.81 )</u>		<u>\$ 0.09</u>	
9850	Diluted	<u>( \$ 0.81 )</u>		<u>\$ 0.09</u>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman of the Board:  
Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager:  
Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands, unless stated otherwise

		Equity attributable to owners of the Company							
		Share capital (Note 18)		Capital surplus (Notes 4 and 18)	Accumulated deficit (Notes 4, 16 and 18)	Exchange differences on translating the financial statements of foreign operations	Total	Non-controlling interests (Note 11)	Total equity
Code		Number of shares issued	Amount						
A1	Balance as of January 1, 2022	182,993,743	\$ 1,829,937	\$ -	(\$ 323,658)	(\$ 171,238)	\$ 1,335,041	\$ 600,101	\$ 1,935,142
C17	Exercise of disgorgement	-	-	72	-	-	72	-	72
N1	Equity-based compensation transactions	-	-	2,067	-	-	2,067	41	2,108
D1	Net profit for 2022	-	-	-	16,348	-	16,348	( 1,631)	14,717
D3	Other comprehensive gains and losses after tax for 2022	-	-	-	2,291	21,884	24,175	11,865	36,040
D5	Total comprehensive income for 2022	-	-	-	18,639	21,884	40,523	10,234	50,757
Z1	Balance as of December 31, 2022	182,993,743	1,829,937	2,139	( 305,019)	( 149,354)	1,377,703	610,376	1,988,079
C17	Exercise of disgorgement	-	-	4	-	-	4	-	4
E1	Capital increase in cash	30,000,000	300,000	297,799	-	-	597,799	-	597,799
M7	Changes in ownership interests in subsidiaries	-	-	-	( 1,518)	-	( 1,518)	1,518	-
D1	Net loss for 2023	-	-	-	( 171,224)	-	( 171,224)	( 40,693)	( 211,917)
D3	Other comprehensive gains and losses after tax for 2023	-	-	-	( 269)	( 33,030)	( 33,299)	( 16,087)	( 49,386)
D5	Total comprehensive income for 2023	-	-	-	( 171,493)	( 33,030)	( 204,523)	( 56,780)	( 261,303)
Z1	Balance as of December 31, 2023	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 299,942</u>	<u>(\$ 478,030)</u>	<u>(\$ 182,384)</u>	<u>\$ 1,769,465</u>	<u>\$ 555,114</u>	<u>\$ 2,324,579</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Code		2023	2022
	Cash flows from operating activities		
A10000	Net profit (loss) before tax	( \$ 249,465 )	\$ 53,072
	Income and expenses		
A20100	Depreciation expenses	280,539	231,530
A20200	Amortization expense	1,732	1,924
A20300	Provision (reversal of provision) for bad debt expense	935	( 87 )
A20400	Net loss of financial instruments at fair value through profit or loss	341	547
A20900	Finance costs	45,779	34,399
A21200	Interest income	( 13,766 )	( 7,964 )
A21900	Employee stock option compensation cost	-	2,108
A22300	Share of profit or loss of associates accounted for under the equity method	4,543	9,467
A22500	Loss of disposal and scrapping of property, plant and equipment	4,894	122
A23700	Loss on (gain on reversal of) write-down of inventories	( 38,443 )	61,929
A24100	Foreign exchange losses	5,162	21,105
A29900	Deferred and other income	( 2,920 )	( 2,350 )
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	( 9,703 )	( 10,641 )
A31150	Accounts receivable (including related parties)	65,667	71,733
A31180	Other receivables (including related parties)	( 3,115 )	3,453
A31200	Inventories	352,105	( 311,739 )
A31240	Other current assets	13,571	( 21,258 )
A32150	Notes and accounts payable (including related parties)	( 18,047 )	( 82,439 )
A32180	Other payables (including related parties)	2,254	( 83,165 )
A32230	Other current liabilities	4,771	( 6,920 )
A32240	Net defined benefit liabilities	( 1,371 )	( 2,473 )
A33000	Cash flows generated from operations	445,463	( 37,647 )
A33100	Interest received	13,412	8,711
A33300	Interest paid	( 47,033 )	( 30,797 )
A33500	Income tax paid	( 13,499 )	( 20,758 )
AAAA	Net cash flows generated from operating activities	<u>398,343</u>	<u>( 80,491 )</u>

(Continued)

(Continued)

Code		2023	2022
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	( \$ 5,128 )	( \$ 172 )
B02700	Acquisition cost of property, plant and equipment	( 495,873 )	( 619,826 )
B02800	Proceeds from disposal of property, plant and equipment	1,946	4,195
B03700	Increase in refundable deposits	( 2,324 )	( 25 )
B04500	Purchase of Intangible assets	-	( 1,503 )
B09900	Increase in long-term deferred income	<u>6,090</u>	<u>-</u>
BBBB	Net cash used in investing activities	( <u>495,289</u> )	( <u>617,331</u> )
	Cash flows from financing activities		
C00100	Decrease in short-term borrowings	( 378,494 )	( 18,220 )
C00600	Decrease in short-term notes payable	( 80,000 )	( 200,000 )
C01600	Proceeds from long-term borrowings	1,044,356	5,306,000
C01700	Repayments of long-term borrowings	( 1,078,500 )	( 4,577,000 )
C03000	Increase in refundable deposits	603	-
C04020	Repayments of the principal portion of lease liabilities	( 14,331 )	( 14,205 )
C04600	Capital increase in cash	600,000	-
C09900	Payment of stock issuance costs	( 2,201 )	-
C09900	Exercise of disgorgement	<u>4</u>	<u>72</u>
CCCC	Net cash from financing activities	<u>91,437</u>	<u>496,647</u>
DDDD	Effects of exchange rate changes on cash held in foreign currencies	( <u>27,987</u> )	<u>14,557</u>
EEEE	Decrease in cash and cash equivalents for the fiscal year	( 33,496 )	( 186,618 )
E00100	Cash and cash equivalents at the beginning of the year	<u>490,219</u>	<u>676,837</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 456,723</u>	<u>\$ 490,219</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman of the Board:  
Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager:  
Chang, Sheng-Chuang

Acme Electronics Corporation and Subsidiaries  
Notes to Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

Acme Electronics Corporation (hereinafter referred to as the “Company”) was mainly invested and established by USI Corporation (“USI”) on September 5, 1991, and started production and sales and other major business activities on December 1, 1994.

The Company’s products are inductive passive components. The main business activities are ferrite cores and ferrite powder applied in communication, information, consumer and automotive electronic products.

The Company’s stock has been listed for trading on the Taipei Exchange (TPEX) since February 17, 2005.

The Consolidated Financial Statements are presented in the New Taiwan dollar, the Company’s functional currency.

II. Date and Procedure for the Approval of Financial Statements

The consolidated financial statements were reported to and issued by the Company’s board of directors on March 5, 2024.

III. Application of New, Amended and Revised Standards and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC). The application of the latest IFRS Accounting Standards endorsed and issued into effect by the FSC to the Group should not result in major changes in the accounting policies of the Group.

(II) IFRS Accounting Standards endorsed by the FSC that are applicable in 2024

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual provisions”	January 1, 2024
IAS 7 and amendments to IFRS 7 “Supplier Finance Arrangement”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and the lessee shall retroactively apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the initial application of IFRS 16.

Note 3: When applying this amendment for the first time, certain disclosure requirements are exempted.

As of the date the consolidated financial statements were approved of issue, the Group assessed that the amendments to the above standards and interpretations applied by the Group would not have a material impact on the consolidated financial condition and performance.

(III) IFRS Accounting Standards that have been issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	Yet to be decided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. The initial application of this amendment will affect the amounts recognized in retained earnings as of the initial application date. When the consolidated company uses a non-functional currency as the reporting currency, the adjustment will affect the revaluation of exchange differences of foreign operations under equity on the initial application date.

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

#### IV. Summary of Significant Accounting Policies

##### (I) Statement of compliance

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

##### (II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the Fair value of plan assets.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on measurement day.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for an asset or liability.

(III) Criteria classifying current/non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to realize in 12 months after the balance sheet date; and
3. Cash and cash equivalents (but excluded those restricted from being exchanged or used for debt repayment after more than 12 months of the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
3. Liabilities for which the Company is not able to defer the repayment deadline to more than 12 months after the balance sheet date unconditionally.

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

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where the change in the Group's ownership interest in the subsidiary does not result in the loss of control, it shall be treated as an equity transaction. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.



Please refer to Note 11 and Tables 5 and 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

(V) Foreign currency

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

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the current period.

Non-monetary items denominated in foreign currencies measured at fair value are converted using the exchange rate on the date when the fair value is determined. The exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expense items are translated to New Taiwan Dollars at the average exchange rate of each period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

(VI) Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. Net realizable value is the balance that the estimated selling price of inventories less all estimated costs of completion and

costs necessary to make the sale. Inventory costs are calculated by weighted average method.

(VII) Investment in associates

An associate is an entity over which the Group has significant influence on and that is not a subsidiary.

The Group accounts for investments in associates by using the equity method.

Under the equity method, investments in associates are initially treated at cost and adjusted thereafter for the post-acquisition change in the Group's interest in profit or loss, share in other comprehensive income, and profits of associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

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

In assessing impairment, the entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. The recognized impairment loss is not apportioned to any asset forming part of the investment's carrying amount. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

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

(VIII) Property, plant and equipment

Property, plant and equipment are stated at cost, subsequently are measured at the amount of cost less accumulated depreciation and accumulated impairment loss..

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

Except for self-owned land which is not subject to allowance for depreciation, depreciation of property, plant and equipment are recognized using the straight-line basis during useful life. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at least at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(IX) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at the amount of cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the service life. The estimated useful life, residual value, and amortization method are reviewed at least at the end of each reporting period and the application of the effect of changes in the aggregate estimate is deferred.

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

(X) Impairment of property, plant and equipment, right-of-use asset, and intangible assets

On each balance sheet date, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation) that would have been determined to have no impairment loss recognized on the asset or cash-generating unit in prior years. The reversal of impairment losses is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially measured, in case financial assets and financial liabilities are not measured at FVTPL, they are measured with the fair value added to transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

## 1. Financial assets

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

### (1) Measurement categories

Financial assets held by the Group are classified as financial assets at fair value through profit or loss and financial assets at amortized cost.

#### A. Financial assets at FVTPL

Financial assets measured at fair value through profit and loss are financial assets that are forced to be measured at fair value through profit and loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value; any re-measurement profit or loss (including any dividends or interests derived from such financial assets) is recognized in other profit or loss. Please refer to Note 23 for the methods for determining fair values.

#### B. Financial assets measured at amortized cost

The Group's financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, financial assets at amortized cost, other receivables, and refundable deposits) are measured at amortized cost, which equals to gross carrying amount determined by the

effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

## (2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables) on each balance sheet date.

The Group always recognizes lifetime expected credit losses for amount receivables as losses allowance. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

The impairment loss of all financial assets is reduced based on the allowance account.

## (3) Derecognition of financial assets

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

On de-recognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

## 2. Financial liabilities

### (1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method, except:

#### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading.

Financial liabilities held for trading are measured pursuant to fair price wherein their profits or losses generated from re-measurements is recognized as other benefits and losses. Please refer to Note 23 for the methods for determining fair values.

### (2) Derecognition of financial liabilities

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

## 3. Derivatives

The Group enters into a variety of derivatives to manage its exposure to foreign exchange rate risks, mainly foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

## (XII) Revenue recognition

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

For contracts where the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year, the significant financial components are not subject to adjustment of the transaction price.

The expected duration of customer contracts of the Group does not exceed one year, and no consideration for customer contracts is not included in the transaction price. Therefore, practical expediency is applied without the need to disclose (1) the aggregate amount of transaction prices allocated to performance obligations that have not been met or partially met until the end of the reporting period, and (2) when it is expected to be recognized as revenue.

#### Sales revenue of commodities

The sales of goods are recognized as revenue and accounts receivable when the customer obtains control over the promised assets, that is, the time when the goods are delivered to the designated location and the performance obligation is met.

Outsourced processing is not recognized as income as the control of the ownership of the processed products has not been transferred.

### (XIII) Leasing

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

#### Where the Group is a lessee:

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the consolidated balance sheet.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. If the implicit interest rate of lease is easy to determine, the



interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in an index or a rate used to determine those payments leading to a change in future lease payments, the Group re-measures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. Lease liabilities are presented separately in the consolidated balance sheets.

Variable rent that does not depend on index or a rate changes in lease agreement is recognized as expense in the periods in which they are incurred.

(XIV) Government subsidy

Government subsidies are recognized only when it is reasonably certain that the Group will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies related to income are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the Group.

(XV) Employee benefits

1. Short-term employee benefits

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

2. Post-retirement benefits

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

Defined benefit costs (including service cost, net interest and re-measurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period they occur. Re-measurement (comprising actuarial gains and losses, and the return on plan assets

excluding interest) is recognized in other comprehensive income in the period in which it occurs. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Net defined benefit assets may not exceed the present value of refundable contributions from the plan or reductions in future contributions.

(XVI) Employee stock options

1. Employee stock option for employees

Employee subscription right is recognized as expenses on straight basis over the given period pursuant to the fair value of equity tool on the given day and the best quantity forecast as expected, while making adjustments on capital reserve - employee stock options. If it is vested at grant date, the expense is recognized in full at the same date. When the Company deals with capital increase in cash to retain employee subscription, the date on which the employee subscribes for shares is confirmed is the date of grant.

2. Equity-settled share-based payment agreement for employees of subsidiaries

The employee stock options settled with the Company's equity instruments granted by the Company to employees of a subsidiary are deemed as capital contributions to the subsidiary, and are measured by the fair value of the equity instruments on the date of grant, recognized as an increase in the carrying amount of investment in the subsidiary within the available period, and the capital reserve - employee stock options are adjusted accordingly. If it is vested at grant date, the expense is recognized in full at the same date. When the Company deals with capital increase in cash to retain employee subscription of a subsidiary, the date on which the employee of the subsidiary subscribes for shares is confirmed is the date of grant.

## (XVII) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1. Current income tax

The Group determines the current income (loss) in accordance with the laws as well as regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax accordingly.

The undistributed surplus calculated in accordance with the *Income Tax Act* is subject to an annual income tax recognized according to the resolution of the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### 2. Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when it is probable that taxable income will be available for the use of income tax credits arising from deductible temporary differences, loss deductions or research and development expenditures.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the

asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each balance sheet date and recognized to the extent that it has become probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate in the current period in which the liabilities are expected to be satisfied or the assets are expected to be realized. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the Group adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results may differ from these estimates.

The management will continuously review the estimates and basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Inventory Evaluation

As a result that inventory requires pricing at lower one between cost and net realized value; hence, the Group has to judge and estimate the net realization of inventory at the end of financial statements. Due to rapid technological changes, the Group evaluates the amount of inventory at the end of the financial reporting period due to normal wear and tear, obsolescence, or lack of market sales value, and offsets the cost of inventory to its net realizable value. Such inventory evaluation is mainly based on the demand for products during each period and past experience, so there may be significant changes.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Petty cash and cash on hand	\$ 532	\$ 2,210
Checks and demand deposits in banks	231,069	311,490
Cash equivalents		
Time deposits	131,123	149,885
Reserve repurchase agreements collateralized by bonds	<u>93,999</u>	<u>26,634</u>
	<u>\$ 456,723</u>	<u>\$ 490,219</u>

The range of market interest rates for deposits and repurchase agreements collateralized by bonds on the balance sheet date is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand deposits	0.00007% ~ 4.40%	0.001% ~ 3.30%
Time deposits	3.50% ~ 5.33%	1.25% ~ 4.53%
Reserve repurchase agreements collateralized by bonds	2.15% ~ 5.50%	1.85% ~ 4.23%

VII. Financial Instruments at Fair Value through Profit or Loss - Current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivatives (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 142</u>	<u>\$ 450</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivatives (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 33</u>	<u>\$ -</u>

At the end of the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)		
<u>December 31, 2023</u>					
Sell	USD/MYR	2024.1.8～2024.7.11	USD	1,800/ MYR	8,281
<u>December 31, 2022</u>					
Sell	USD/MYR	2023.3.13	USD	100/ MYR	440
Sell	EUR/MYR	2023.3.17～ 2023.3.31	EUR	270/ MYR	1,254

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness, and therefore, the Group did not apply hedge accounting treatments for derivative contracts.

VIII. Financial assets measured at amortized cost - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Pledge and mortgage</u>		
Time deposits with original maturity over 3 months	<u>\$ 20,189</u>	<u>\$ 15,557</u>

At the end of the balance sheet date, the ranges of the market rates for the aforesaid assets were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturity over 3 months	1.45% ~ 2.80%	0.79% ~ 2.60%

Please refer to Note 25 for the information related to financial assets at amortized cost pledged as security of the Group.

IX. Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable		
Measured at amortized cost		
Gross carrying amount	<u>\$ 56,452</u>	<u>\$ 46,749</u>
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	\$ 692,334	\$ 758,002
Less: allowance for loss	( <u>11,357</u> )	( <u>10,611</u> )
	<u>\$ 680,977</u>	<u>\$ 747,391</u>

The credit period for the sale of goods by the Group was approximately 30 to 150 days, and interest was not charged due to the short credit period.

In order to control credit risk, the Group assesses the credit quality of individual customers and determines the credit limit through the internal credit rating system, and regularly reviews based on individual customers' historical transaction records and financial status every year. In addition, the Group reviews the recoverable amount of accounts receivable one by one on each balance sheet date to ensure that the accounts receivable that may incur credit risk have been provided with appropriate impairment losses.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry and an assessment of economic conditions at the reporting date. Due to the fact that the historical experience of the Group in evaluating credit losses shows no significant differences in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups, and only calculates the expected credit loss rate based on the number of overdue days of accounts receivable.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the

Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivable based on the Group's allowance matrix.

December 31, 2023

	Not past due	Up to 60 Days	61~90 Days	Over 91 Days	Total
Expected credit loss rate	0.93%	4.95%	100%	100%	
Gross carrying amount	\$ 694,153	\$ 52,296	\$ 60	\$ 2,277	\$ 748,786
Loss allowance (Lifetime ECLs)	( <u>6,429</u> )	( <u>2,591</u> )	( <u>60</u> )	( <u>2,277</u> )	( <u>11,357</u> )
Amortized cost	<u>\$ 687,724</u>	<u>\$ 49,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,429</u>

December 31, 2022

	Not past due	Up to 60 Days	61~90 Days	Over 91 Days	Total
Expected credit loss rate	0.89%	0.96%	100%	100%	
Gross carrying amount	\$ 767,559	\$ 33,772	\$ 391	\$ 3,029	\$ 804,751
Loss allowance (Lifetime ECLs)	( <u>6,866</u> )	( <u>325</u> )	( <u>391</u> )	( <u>3,029</u> )	( <u>10,611</u> )
Amortized cost	<u>\$ 760,693</u>	<u>\$ 33,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,140</u>

Changes in the allowance for impairment loss recognized on notes and accounts receivable were as follows:

	2023	2022
Beginning balance	\$ 10,611	\$ 10,534
Less: Provision (reversal) for impairment losses in the current year	935	( 87 )
Foreign exchange translation gains and losses	( <u>189</u> )	<u>164</u>
Ending balance	<u>\$ 11,357</u>	<u>\$ 10,611</u>



## X. Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 286,838	\$ 421,399
Work in progress	254,777	335,637
Raw materials and Supplies	<u>127,549</u>	<u>224,844</u>
	<u>\$ 669,164</u>	<u>\$ 981,880</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT\$2,314,247 thousand and NT\$2,537,248 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included a recovery benefit of NT\$38,443 thousand and a impairment loss of NT\$61,929 thousand in net realized value of inventory.

## XI. Subsidiary

### (I) Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by the following subjects:

Investor	Subsidiary	Nature of Activities	Proportion of Ownership (%)		Remarks
			December 31, 2023	December 31, 2022	
The Company	ACME Electronics (Cayman) Corp. ( ACME (Cayman) )	Corporate investments	60.10%	51.27%	(1)
	Golden Amber Enterprises Limited ( GAEL )	Corporate investments	100.00%	100.00%	(2)
ACME (Cayman)	Acme Electronics (Kunshan) Co., Ltd. ("ACME Electronics (KS)")	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(3)
	ACME Components (Malaysia) Sdn. Bhd. ( ACME (MA) )	Corporate investments	100.00%	100.00%	(4)
ACME (MA)	ACME Ferrite Products Sdn. Bhd. ( ACME Ferrite )	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(5)
GAEL	Acme Electronics (Guangzhou) Co., Ltd. ("ACME Electronics (GZ)")	Manufacturing and marketing of soft ferrite core	100.00%	100.00%	(6)

- (1) ACME (Cayman) was established on June 28, 2000, mainly engaged in 100% reinvestment in its subsidiaries ACME Electronics (KS) and ACME (MA). In addition, in April 2023, ACME (Cayman) made a capital increase of US\$9,000 thousand in cash, all of which was subscribed by the Company, resulting in an increase in the shareholding ratio to 60.10%. As the above transaction did not change the control of the Group over its subsidiaries,

which the Group treated as an equity transaction and adjusted to increase the accumulated deficits to be offset by NT\$1,518 thousand.

- (2) GAEL was established on March 26, 1998 in the British Virgin Islands, mainly engaged in 100% reinvestment in its subsidiary, ACME Electronics (GZ).
- (3) ACME Electronics (KS) was established on July 27, 2000, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.
- (4) ACME (MA) was established on September 6, 1990, mainly engaged in 100% reinvestment in ACME Ferrite. The Company acquired 100% equity in ACME (MA) through its subsidiary ACME (Cayman) in December 2009.
- (5) ACME Ferrite was established on September 21, 1990, mainly engaged in the production and sales of soft ferrite cores applied in communication, information, consumer and automotive electronic products.
- (6) ACME Electronics (GZ) was established on November 24, 2004, mainly engaged in the production and sales of soft ferrite cores and processing of incoming materials. The Company has signed an outsourced material processing contract with ACME Electronics (GZ) to supply the processed products to nearby mainland Chinese export manufacturers.

(II) Details of subsidiaries that have material non-controlling interests

Please refer to Table 5 for information on the main business premises and countries of registration.

Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Non-controlling interests	
	2023	2022	December 31, 2023	December 31, 2022
ACME (Cayman) and its subsidiaries	(\$ 40,693)	(\$ 1,631)	\$ 555,114	\$ 610,376

The summarized financial information of the following subsidiaries is prepared according to the amount before the elimination of intercompany transactions:

ACME (Cayman) and its subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 885,623	\$ 991,610
Non-current assets	<u>1,088,436</u>	<u>1,121,299</u>
Current liabilities	( 464,168 )	( 791,632 )
Non-current liabilities	( <u>121,076</u> )	( <u>71,817</u> )
Equity	<u>\$ 1,388,815</u>	<u>\$ 1,249,460</u>
Equity attributable to:		
Owners of the Company	\$ 834,675	\$ 640,644
Non-controlling interests	<u>554,140</u>	<u>608,816</u>
	<u>\$ 1,388,815</u>	<u>\$ 1,249,460</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 1,206,330</u>	<u>\$ 1,665,764</u>
Net loss for the year	( \$ 94,932 )	( \$ 5,960 )
Other comprehensive income (loss)	( <u>40,951</u> )	<u>24,351</u>
Total comprehensive income	( <u>\$ 135,883</u> )	<u>\$ 18,391</u>
Net loss attributable to:		
Owners of the Company	( \$ 54,824 )	( \$ 3,056 )
Non-controlling interests	( <u>40,108</u> )	( <u>2,904</u> )
	( <u>\$ 94,932</u> )	( <u>\$ 5,960</u> )
Total comprehensive income attributable to:		
Owners of the Company	( \$ 79,688 )	\$ 9,430
Non-controlling interests	( <u>56,195</u> )	<u>8,961</u>
	( <u>\$ 135,883</u> )	<u>\$ 18,391</u>
Cash flow		
Operating activities	\$ 173,642	\$ 62,819
Investing activities	( 149,413 )	( 255,895 )
Financing activities	74,432	39,160
Effects of exchange rate changes	( <u>12,611</u> )	<u>6,378</u>
Net cash inflow (outflow)	<u>\$ 86,050</u>	( <u>\$ 147,538</u> )

XII. Investments accounted for using equity method

<u>Company Name</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Amount</u>	<u>Shareholding</u>	<u>Amount</u>	<u>Shareholding</u>
USI Optronics Corporation ("USIO")	<u>\$ 18,196</u>	<u>34%</u>	<u>\$ 22,739</u>	<u>34%</u>

Please refer to Table 5 for relevant information on associates of the Group on the balance sheet date.

The following summary financial information has been prepared based on the financial statements of USIO and has reflected the adjustments made when adopting the equity method.

USIO

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 34,113	\$ 44,647
Non-current assets	24,062	27,905
Current liabilities	( <u>4,652</u> )	( <u>5,667</u> )
Equity	53,523	66,885
The Company's shareholding ratio	<u>34%</u>	<u>34%</u>
Equity attributable to the Group	<u>\$ 18,196</u>	<u>\$ 22,739</u>
Carrying amount of investment	<u>\$ 18,196</u>	<u>\$ 22,739</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 5,641</u>	<u>\$ 10,946</u>
Net loss for the year	( <u>\$ 13,363</u> )	( <u>\$ 27,848</u> )
Total comprehensive income	( <u>\$ 13,363</u> )	( <u>\$ 27,848</u> )

### XIII. Property, plant and equipment

	2023					
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Effects of exchange rate	Ending balance
<u>Cost</u>						
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	9,329	-	( 1,333 )	-	-	7,996
Building and equipment	1,288,837	2,860	( 5,423 )	116,454	( 20,233 )	1,382,495
Machinery and equipment	2,985,032	113,862	( 64,858 )	267,727	( 51,451 )	3,250,312
Transportation and Communication Equipment	15,343	1,831	( 638 )	-	( 481 )	16,055
Other equipment	402,189	4,844	( 15,751 )	22,260	( 8,805 )	404,737
Construction in progress	-	24,376	-	( 22,979 )	( 1,397 )	-
Total cost	<u>4,783,387</u>	<u>\$ 147,773</u>	<u>( \$ 88,003 )</u>	<u>\$ 383,462</u>	<u>( \$ 82,367 )</u>	<u>5,144,252</u>
<u>Accumulated depreciation and impairment</u>						
Land improvement	8,699	\$ 168	( \$ 1,333 )	\$ -	\$ -	7,534
Building and equipment	762,476	59,484	( 3,109 )	-	( 10,813 )	808,038
Machinery and equipment	1,857,838	172,316	( 60,392 )	-	( 37,319 )	1,932,443
Transportation and Communication Equipment	13,042	1,003	( 619 )	-	( 402 )	13,024
Other equipment	<u>325,574</u>	<u>29,216</u>	<u>( 15,710 )</u>	<u>-</u>	<u>( 4,276 )</u>	<u>334,804</u>
Total accumulated depreciation and impairment	<u>2,967,629</u>	<u>\$ 262,187</u>	<u>( \$ 81,163 )</u>	<u>\$ -</u>	<u>( \$ 52,810 )</u>	<u>3,095,843</u>
Net	<u>\$ 1,815,758</u>					<u>\$ 2,048,409</u>
	2022					
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Effects of exchange rate	Ending balance
<u>Cost</u>						
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	9,329	-	-	-	-	9,329
Building and equipment	1,206,896	1,798	( 16,159 )	78,770	17,532	1,288,837
Machinery and equipment	2,598,796	163,297	( 142,607 )	320,261	45,285	2,985,032
Transportation and Communication Equipment	14,255	577	-	-	511	15,343
Other equipment	<u>372,833</u>	<u>14,026</u>	<u>( 8,225 )</u>	<u>15,428</u>	<u>8,127</u>	<u>402,189</u>
Total cost	<u>4,284,766</u>	<u>\$ 179,698</u>	<u>( \$ 166,991 )</u>	<u>\$ 414,459</u>	<u>\$ 71,455</u>	<u>4,783,387</u>
<u>Accumulated depreciation and impairment</u>						
Land improvement	8,531	\$ 168	\$ -	\$ -	\$ -	8,699
Building and equipment	716,295	52,864	( 15,105 )	( 130 )	8,552	762,476
Machinery and equipment	1,831,147	128,158	( 139,427 )	4,101	33,859	1,857,838
Transportation and Communication Equipment	11,605	1,022	-	-	415	13,042
Other equipment	<u>301,297</u>	<u>30,941</u>	<u>( 8,142 )</u>	<u>( 3,971 )</u>	<u>5,449</u>	<u>325,574</u>
Total accumulated depreciation and impairment	<u>2,868,875</u>	<u>\$ 213,153</u>	<u>( \$ 162,674 )</u>	<u>\$ -</u>	<u>\$ 48,275</u>	<u>2,967,629</u>
Net	<u>\$ 1,415,891</u>					<u>\$ 1,815,758</u>

There were no impairment losses on assessed property, plant and equipment from January 1 to December 31, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvement	8-20 years
Building and equipment	
Office building, labs and improvements	20-50 years
Others	3-15 years
Machinery and equipment	3-15 years
Transportation and Communication	
Equipment	5 years
Other equipment	3-25 years

Please refer to Note 25 for the amount of property, plant and equipment pledged as collateral for loans.

XIV. Lease Arrangements

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Land	\$ 112,313	\$ 119,253
Buildings	-	104
Machinery and equipment	56,258	71,104
Transportation equipment	<u>607</u>	<u>991</u>
	<u>\$ 169,178</u>	<u>\$ 191,452</u>
	2023	2022
Addition for right-of-use assets	<u>\$ -</u>	<u>\$ 12,344</u>
Depreciation expense of right-of-use assets		
Land	\$ 3,934	\$ 3,927
Buildings	104	104
Machinery and equipment	13,930	13,962
Transportation equipment	<u>384</u>	<u>384</u>
	<u>\$ 18,352</u>	<u>\$ 18,377</u>

(II) Lease liabilities

As of December 31, 2023 and 2022, the discount rates of lease liabilities were 1.11%~1.25%.

(III) Material lease-in activities and terms

The Group has leased several buildings, machinery and transportation equipment for manufacturing and operational purposes, with a lease term of 3-8 years.

The use right assets - land refers to the land use rights of the Group located in mainland China and Malaysia.

For amount of right-of-use assets pledged as collateral for bank borrowings, please refer to Note 25.

(IV) Other lease information

	2023	2022
Expenses relating to short-term leases	\$ 7,229	\$ 6,537
Total cash flows on lease	( \$ 22,308 )	( \$ 21,650 )

The Group elects to apply the exemption of recognition to the office and other leases eligible for short-term leases and does not recognize the relevant right to use assets and lease liabilities under such leases. The estimated payouts within one year for short-term lease commitments subject to recognition exemption were NT\$5,074 thousand and NT\$4,612 thousand respectively as at December 31, 2023 and 2022.

XV. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
<u>Secured loans</u> (Note 25)		
Bank loans	\$ 6,525	\$ -
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 350,832	\$ 731,926

The interest rates of short-term loan were 1.68%~4.74% and 1.61078%~7.62412% respectively as at December 31, 2023 and 2022.

(II) Short-term bills payable (December 31, 2023: None)

	<u>December 31, 2022</u>
Commercial note payable	\$ 80,000
Less: Discount on commercial note payable	( <u>49</u> )
	<u>\$ 79,951</u>

The outstanding short-term bills payable as of the balance sheet dates were as follows:

December 31, 2022

<u>Guarantor / acceptor</u>	<u>Face Amount</u>	<u>Discount Amount</u>	<u>Carrying Amount</u>	<u>Annual discount rate</u>
<u>Commercial note payable</u>				
Mega Bills Finance Co., Ltd.	<u>\$ 80,000</u>	<u>\$ 49</u>	<u>\$ 79,951</u>	1.848%

(III) Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans	\$ 1,235,439	\$ 1,369,000
Unsecured bank loans	<u>98,500</u>	<u>-</u>
	1,333,939	1,369,000
Long-term borrowings due within one year	( <u>1,047</u> )	<u>-</u>
	<u>\$ 1,332,892</u>	<u>\$ 1,369,000</u>
Maturity year	113~133	114~116
Range of interest rates	0.995~4.350%	1.45~1.85%

Please refer to Note 25 for details of collateralized assets for secured loans.

XVI. Post-retirement benefits plans

(I) Defined contribution plans

The Group adopts a pension plan under the *Labor Pension Act*, which is a state-managed defined contribution plan. According to the *Labor Pension Act*, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries. Besides, foreign subsidiary's formulated employee pension method pursuant to local competent authority is also the same one.



(II) Defined benefit plans

The pension system conducted by the Company of the Company under the “Labor Standards Act” of our country is a defined benefit retirement plan administered by the government. The payment of the employee’s pension is based on the length of service and the average salary of six months before the approved retirement date. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers’ Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The exclusive account is administered by the Bureau of Labor Funds of the Ministry of Labor, and the Company retains no rights that may influence its investment and administration strategies.

The amounts included in the accompanying consolidated balance sheets in respect of its defined benefit plans are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 45,556	\$ 45,779
Fair value of plan assets	( <u>30,438</u> )	( <u>29,626</u> )
Net defined benefit liabilities	<u>\$ 15,118</u>	<u>\$ 16,153</u>

The changes 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 liabilities</u>
Balance as of January 1, 2023	<u>\$ 45,779</u>	( <u>\$ 29,626</u> )	<u>\$ 16,153</u>
Service cost			
Service cost - current period	188	-	188
Interest expenses (income)	<u>686</u>	( <u>450</u> )	<u>236</u>
Amounts recognized in profit or loss	<u>874</u>	( <u>450</u> )	<u>424</u>

(Continued)

(Continued)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	( 174 )	( 174 )
Actuarial loss (gain)			
– Changes in financial assumptions	1,011	-	1,011
– Experience adjustments	( 500 )	-	( 500 )
Recognized in other comprehensive income	511	( 174 )	337
Contributions from employer	-	( 926 )	( 926 )
Benefits paid	( 1,608 )	738	( 870 )
Balance as of December 31, 2023	<u>\$ 45,556</u>	<u>( \$ 30,438 )</u>	<u>\$ 15,118</u>
Balance as of January 1, 2022	<u>\$ 47,498</u>	<u>( \$ 26,008 )</u>	<u>\$ 21,490</u>
Service cost			
Service cost - current period	241	-	241
Interest expenses (income)	237	( 132 )	105
Amounts recognized in profit or loss	478	( 132 )	346
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	( 2,056 )	( 2,056 )
Actuarial (gain) loss			
– Changes in financial assumptions	( 1,264 )	-	( 1,264 )
– Experience adjustments	456	-	456
Recognized in other comprehensive income	( 808 )	( 2,056 )	( 2,864 )
Contributions from employer	-	( 2,819 )	( 2,819 )
Benefits paid	( 1,389 )	1,389	-
Balance as of December 31, 2022	<u>\$ 45,779</u>	<u>( \$ 29,626 )</u>	<u>\$ 16,153</u>

The Group is exposed to following risks for the defined benefits plans under the “Labor Standards Law”:

1. Investment risk: Through its own use and entrusting operation, Bureau of Labor Funds, MOL invested labor pension funds in domestic (foreign) equity and debt securities and bank deposits. But the allocated amounts of the Company’s plan assets shall not be lower than the gain calculated by the average interest rate on a two-year time deposit.
2. Interest rate risk: The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.
3. Salary risk: Present value of defined benefit obligations is calculated from future salary of member participants; Hence, the increase in plan participants’ salary will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation of the Group was calculated by the independent actuary. The principal assumptions on the measurement date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.250%	1.500%
Expected rates of salary increase	3.000%	3.000%

If reasonably possible changes of the respective significant actuarial assumptions occur, while holding all other assumptions constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	( \$ <u>1,011</u> )	( \$ <u>1,114</u> )
0.25% decrease	<u>\$ 1,043</u>	<u>\$ 1,153</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 1,007</u>	<u>\$ 1,116</u>
0.25% decrease	( \$ <u>981</u> )	( \$ <u>1,084</u> )

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected amount of contribution within 1 year	<u>\$ 800</u>	<u>\$ 820</u>
Average duration of defined benefit obligations	9.0 years	10.8 years

XVII. Government subsidy

Acme Electronics (KS) reached an agreement with the government of Kunshan Zhoushi Town People's Government in 2006 in which Acme Electronics (KS) promised to relocate its new plant and raise its investment amount in order to obtain subsidies from Kunshan Zhoushi Town People's Government for the cost of land use rights and basic power projects. Acme Electronics (KS) recognized the subsidies as long-term deferred income and amortized them together with the use of related assets.

Acme Electronics (GZ) obtained subsidies related to depreciable assets from the local government in 2023. Acme Electronics (GZ) recognized the subsidies as long-term deferred income and amortized them together with the use of related assets.

As of December 31, 2023 and 2022, the amount of unamortized deferred revenue of the Group due to the above amounted to RMB 8,032 thousand (NT\$34,822 thousand) and RMB 7,303 thousand (NT\$32,201 thousand), respectively.

The Company applied for the Industrial Upgrade Platform Innovation Guidance Program subsidy from the Taiwanese government. For the years ended December 31, 2023 and 2022, expenses related to the subsidy were recognized as deductions from operating expenses, amounting to NT\$9,000 thousand and NT\$11,000 thousand, respectively.

As a result of the above and other subsidies, the government subsidy incomes recognized as other income of the Group for the years ended December 31, 2023 and 2022 were NT\$11,350 thousand and NT\$7,501 thousand, respectively.

## XVIII. Equity

### (I) Ordinary share capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares		
authorized (in thousands)	<u>300,000</u>	<u>300,000</u>
Share capital authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and		
fully paid (in thousands)	<u>212,994</u>	<u>182,994</u>
Share capital issued	<u>\$ 2,129,937</u>	<u>\$ 1,829,937</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

The share capital reserved for the issuance of the exercise of employee share options was 11,000 thousand shares.

On June 14, 2022, the Board of Directors resolved a capital increase in cash to issue 30,000 thousand of new shares with a par value of NT\$10 per share. The above cash capital increase plan was declared effective by the FSC on July 22, 2022, of which 15% was reserved for subscription by qualified employees of the Company and affiliates. The related issuance price was NT\$20 per share, and the record date of the capital increase was January 16, 2023, and the cost of issuing new shares was NT\$2,201 thousand as a reduction of capital surplus.

### (II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Used to offset deficits, pay cash</u>		
<u>dividends or capitalize</u>		
<u>capital (1)</u>		
Stock issuance premium	\$ 299,866	\$ 2,067
<u>May only be used to offset</u>		
<u>deficits</u>	<u>76</u>	<u>72</u>
Disgorgement	<u>\$ 299,942</u>	<u>\$ 2,139</u>

(1) Such capital surplus may be used to offset deficits or, if the Company has no deficit, to pay cash dividends or to capitalize capital.

### (III) Retained earnings and dividends policy

According to the earnings distribution provisions of the Company's articles of Incorporation, if the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance. Said compensation to employees may be allocated in the form of shares or in cash, including the employees of the Company's subsidiaries meeting certain specific requirements entitled to receive shares or cash. The specific requirements shall be defined by the Board of Directors. If the Company has net profits after tax according to its annual financial account, the Company may, after making up all past losses, set aside a 10% legal reserve from the remainder, if any. The remaining allocable earnings, if any, plus the accumulated unappropriated earnings for prior years and the balance after provision or reversal of special earnings required by the competent authority, shall be accumulated allocable earnings, which shall be allocated according to the proposal drafted by the Board of Directors and resolution made by a general shareholders' meeting duly. The shareholders' meeting may retain the earnings, in whole or in part, subject to the overview of business.

As the industry which the Company is engaged in refers to a growing phase, when resolving to allocate earnings, in consideration of the future funding needs and financial plan, the shareholders' dividend allocable shall be no less than 10% of the allocable earnings, including the cash dividend no less than 10% of the whole dividends. Notwithstanding, no dividend shall be allocated, if the allocable earnings per share is less than NT\$0.1. Please refer to Note 19 (3) Remunerations of Employees and Directors for the estimated basis and actual distribution of employee and director remuneration.

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held regular shareholders' meetings on May 26, 2023 and May 30, 2022, respectively, and decided not to distribute surplus for the years ended December 31, 2022 and 2021 due to the need to make up for losses.

The Company still needs to make up for losses as of December 31, 2023. Therefore, the board meeting on March 5, 2024 proposed not to make any surplus distribution after making up the loss with the capital reserve of NT\$299,942 thousand, and it is pending a resolution at the annual shareholders' meeting for the year 2024.

XIX. Net profit (loss) for the year

(I) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 262,187	\$ 213,153
Right-of-use assets	18,352	18,377
Intangible assets	<u>1,732</u>	<u>1,924</u>
Total	<u>\$ 282,271</u>	<u>\$ 233,454</u>
Summary of depreciation by function		
Operating costs	\$ 239,832	\$ 198,918
Operating expenses	<u>40,707</u>	<u>32,612</u>
	<u>\$ 280,539</u>	<u>\$ 231,530</u>
Summary of amortization by function		
Operating costs	\$ 771	\$ 519
Operating expenses	<u>961</u>	<u>1,405</u>
	<u>\$ 1,732</u>	<u>\$ 1,924</u>

(II) Employee benefit expenses

	<u>2023</u>	<u>2022</u>
Post-retirement benefits		
Defined contribution plans	\$ 55,605	\$ 55,204
Defined benefit plans	<u>424</u>	<u>346</u>
	56,029	55,550
Salary, Bonus, etc.	<u>739,504</u>	<u>756,979</u>
Total	<u>\$ 795,533</u>	<u>\$ 812,529</u>
Summary of employee benefit expenses by function		
Operating costs	\$ 565,382	\$ 584,630
Operating expenses	<u>230,151</u>	<u>227,899</u>
	<u>\$ 795,533</u>	<u>\$ 812,529</u>

(III) Employees' compensation and remuneration of directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Company has yet to make up the loss as of the end of 2023 and 2022, so the remunerations of employees and directors are not estimated, recognized and distributed.

If there is still any change in the amount after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates in the following year.

Information on the remunerations of employees and directors for the years ended December 31, 2023 and 2022 proposed by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.



(IV) Other income

	2023	2022
Government subsidy income	\$ 11,350	\$ 7,501
Income from management service fee (Note 24)	9,849	6,960
Rental income	1,534	1,474
Others	<u>6,014</u>	<u>11,057</u>
	<u>\$ 28,747</u>	<u>\$ 26,992</u>

(V) Foreign exchange gain (loss)

	2023	2022
Foreign exchange gains	\$ 54,163	\$ 73,272
Foreign exchange losses	( <u>46,176</u> )	( <u>61,313</u> )
Net profit	<u>\$ 7,987</u>	<u>\$ 11,959</u>

(VI) Other gain and loss

	2023	2022
Loss on disposal of property, plant and equipment	( \$ 4,894 )	( \$ 122 )
Gain on financial commodities at fair value through profit or loss	4,592	9,980
Others	( <u>1,145</u> )	( <u>7,258</u> )
	<u>( \$ 1,447 )</u>	<u>\$ 2,600</u>

(VII) Finance costs

	2023	2022
Interest on bank loans	\$ 45,031	\$ 33,490
Interest on lease liabilities	<u>748</u>	<u>909</u>
	<u>\$ 45,779</u>	<u>\$ 34,399</u>

XX. Income tax

- (I) The main components of income tax (benefit) expense recognized as profit or loss are as follows

	<u>2023</u>	<u>2022</u>
Current income tax		
In respect of the current period	\$ 5,957	\$ 21,686
Adjustments for previous years	( <u>2,147</u> )	( <u>3,872</u> )
	<u>3,810</u>	<u>17,814</u>
Deferred income tax		
In respect of the current period	( 29,398 )	21,055
Adjustments for previous years	( <u>11,960</u> )	( <u>514</u> )
	<u>( 41,358 )</u>	<u>20,541</u>
Income tax (benefit) expense recognized in profit or loss	( <u>\$ 37,548</u> )	<u>\$ 38,355</u>

Reconciliation of accounting income and income tax expense (benefit) to applicable tax rates is as follows:

	<u>2023</u>	<u>2022</u>
Net profit (loss) before tax	( <u>\$ 249,465</u> )	<u>\$ 53,072</u>
Income tax expense (benefit) of net profit (loss) before tax calculated at the statutory tax rate	( \$ 34,570 )	\$ 21,609
Items subject to adjustment in determining taxable income	3,280	( 4,903 )
Unrecognized loss deduction / deductible temporary difference	5,672	23,265
Current income tax expense from previous years adjusted in the year	( 14,107 )	( 4,386 )
Withholding tax on income from royalties	<u>2,177</u>	<u>2,770</u>
Income tax (benefit) expense recognized in profit or loss	( <u>\$ 37,548</u> )	<u>\$ 38,355</u>

## (II) Income tax recognized in other comprehensive income

	<u>2023</u>	<u>2022</u>
<u>Deferred income tax</u>		
Income tax (benefits) expenses		
recognized in other		
comprehensive income		
–Translating the financial		
statements of foreign		
operations	( \$ 8,257 )	\$ 5,471
–Actuarial gain or loss of		
defined benefits	( <u>68</u> )	<u>573</u>
	( <u>\$ 8,325</u> )	<u>\$ 6,044</u>

## (III) Current income tax assets and liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets		
Tax refund receivable	<u>\$ 9,485</u>	<u>\$ 2,473</u>
Current income tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 2,575</u>

## (IV) Deferred income tax assets and liabilities

2023

	<u>Beginning balance</u>	<u>Amounts recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Exchange differences</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>					
Temporary difference					
Allowance for loss					
receivable	\$ 1,473	\$ -	\$ -	( \$ 25 )	\$ 1,448
Allowance for reduction of					
inventory to market	14,306	( 5,317 )	-	( 28 )	8,961
Defined benefit retirement					
plan	6,980	-	68	-	7,048
Exchange differences of					
foreign operations	10,170	-	8,257	-	18,427
Government subsidy	5,472	( 137 )	-	( 88 )	5,247
Others	<u>8,161</u>	<u>1,305</u>	<u>-</u>	<u>( 297 )</u>	<u>9,169</u>
	46,562	( 4,149 )	8,325	( 438 )	50,300
Deduction for losses	<u>25,960</u>	<u>21,420</u>	<u>-</u>	<u>( 543 )</u>	<u>46,837</u>
	<u>\$ 72,522</u>	<u>\$ 17,271</u>	<u>\$ 8,325</u>	<u>( \$ 981 )</u>	<u>\$ 97,137</u>

(Continued)

(Continued)

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
<u>Deferred income tax liabilities</u>					
Temporary difference					
Investments accounted for using the equity method	\$ 88,142	( \$ 21,385 )	\$ -	\$ -	\$ 66,757
Depreciation due to fiscal and taxation difference over amortization period	17,035	14,704	-	( 1,035 )	30,704
Unrealized loss on sales and others	<u>26,046</u>	<u>( 17,406 )</u>	<u>-</u>	<u>( 15 )</u>	<u>8,625</u>
	<u>\$ 131,223</u>	<u>( \$ 24,087 )</u>	<u>\$ -</u>	<u>( \$ 1,050 )</u>	<u>\$ 106,086</u>

## 2022

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
<u>Deferred income tax assets</u>					
Temporary difference					
Allowance for loss receivable	\$ 1,666	( \$ 221 )	\$ -	\$ 28	\$ 1,473
Allowance for reduction of inventory to market	12,687	1,426	-	193	14,306
Defined benefit retirement plan	7,553	-	( 573 )	-	6,980
Exchange differences of foreign operations	15,641	-	( 5,471 )	-	10,170
Government subsidy	5,523	( 136 )	-	85	5,472
Others	<u>5,800</u>	<u>2,127</u>	<u>-</u>	<u>234</u>	<u>8,161</u>
	48,870	3,196	( 6,044 )	540	46,562
Deduction for losses	<u>25,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,960</u>
	<u>\$ 74,830</u>	<u>\$ 3,196</u>	<u>( \$ 6,044 )</u>	<u>\$ 540</u>	<u>\$ 72,522</u>
<u>Deferred income tax liabilities</u>					
Temporary difference					
Investments accounted for using the equity method	\$ 83,856	\$ 4,286	\$ -	\$ -	\$ 88,142
Depreciation due to fiscal and taxation difference over amortization period	14,851	1,358	-	826	17,035
Unrealized loss on sales and others	<u>7,948</u>	<u>18,093</u>	<u>-</u>	<u>5</u>	<u>26,046</u>
	<u>\$ 106,655</u>	<u>\$ 23,737</u>	<u>\$ -</u>	<u>\$ 831</u>	<u>\$ 131,223</u>

- (V) Amount of unused loss deduction for deferred tax assets not recognized in the balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deduction for losses		
Due in 2024	\$ 121,331	\$ 121,331
Due in 2025	63,480	63,480
Due in 2026	43,473	89,884
Due in 2027	955,046	769,135
Due in 2028	202,490	-
Due in 2029	33,260	33,260
Due in 2030	55,004	55,004
Due in 2031	19,466	40,367
Due in 2032	48,744	48,692
Due in 2033	<u>21,432</u>	<u>-</u>
	<u>\$ 1,563,726</u>	<u>\$ 1,221,153</u>

- (VI) Unused loss deduction related information

As at December 31, 2023, the loss deduction information is as follows:

<u>Balance before deduction</u>	<u>Last deduction year</u>
\$ 121,331	2024
63,480	2025
43,473	2026
1,079,431	2027
202,490	2028
33,260	2029
55,004	2030
19,466	2031
48,744	2032
<u>21,432</u>	2033
<u>\$ 1,688,111</u>	

- (VII) Certification of income tax

The Company's income tax returns through 2021 have been assessed by the tax authorities.

(VIII) The information on the income tax of subsidiaries is as follows:

1. ACME (Cayman) and GAEL had no income tax expense for the years ended December 31, 2023 and 2022 due to relevant tax exemptions in compliance with the regulations of the location where the entities were established.
2. ACME Electronics (GZ) applies to preferential tax rate for high-tech enterprises, the statutory tax rate applicable to it is reduced from 25% to 15%.
3. The statutory tax rate applicable to ACME Electronics (KS) is 25%.
4. The statutory tax rate applicable to ACME (MA) is 24%.

XXI. Earnings (losses) per share

	<u>2023</u>	<u>2022</u>
Basic earnings (losses) per share	( \$ <u>0.81</u> )	\$ <u>0.09</u>
Diluted earnings (losses) per share	( \$ <u>0.81</u> )	\$ <u>0.09</u>

The net (loss) profit and weighted average number of ordinary shares outstanding in the calculation of (loss) earnings per share were as follows:

Net profit (loss) for the year

	<u>2023</u>	<u>2022</u>
Net (loss) profit for calculating basic and diluted earnings (losses) per share	( \$ <u>171,224</u> )	\$ <u>16,348</u>

Number of Shares

Unit: Thousands of shares

	<u>2023</u>	<u>2022</u>
Weighted average number of common shares used for calculation of basic and diluted (losses) earnings per share	<u>211,744</u>	<u>182,994</u>

## XXII. Capital Risk Management

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

Key management personnel of the Group review the capital structure of the Group irregularly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Group may balance its overall capital structure by paying dividends, issuing new shares, buying back shares and raising new debt or redeeming old debt.

## XXIII. Financial instruments

### (I) Fair value information - financial instruments not measured at fair value

Except the derivative instruments are measured at the fair value after the original recognition, the financial assets and financial liabilities of the Group are measured at the amortized cost and the management of the Group believes that the carrying amounts are close to their fair value.

### (II) Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

#### 1. Fair value hierarchy

##### December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 142	\$ -	\$ 142
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 33	\$ -	\$ 33

##### December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 450	\$ -	\$ 450

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2023 and 2022.

2. Valuation techniques and inputs applied for Level 2 fair value measurement

Categories of financial instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 142	\$ 450
Measured at amortized cost (Note 1)	1,236,817	1,316,716
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	33	-
Measured at amortized cost (Note 2)	2,027,502	2,526,855

Note 1: The balance refers to financial assets measured at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, refundable deposits.

Note 2: The balance refers to financial liabilities measured at amortized cost, including long-term and short-term loans, short-term notes payable, accounts payable, other accounts payable, and deposits.

(IV) Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and equivalent cash, receivables, other receivables and long-term, short-term loans, short-term notes payable, payables, other payables and lease liabilities, etc. The financial management department of the Group coordinates the financial operation in the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.



The Group avoids exposure through derivative financial instruments to mitigate the impact of such risks. The use of derivative financial instruments is regulated by policies passed by the board of directors of the Group. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The Group has not engaged in transactions in financial instruments (including derivative financial instruments) for speculative purposes.

#### 1. Market Risks

The Group's activities expose it primarily to the market risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

##### (1) Foreign exchange risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. The management of the Group's exchange rate exposure is to use foreign exchange forward contracts to manage risks of net foreign currency within the scope permitted by the policy.

Please refer to Note 27 for the carrying amount of monetary assets and monetary liabilities of the Group denominated in non-functional currencies on the balance sheet date (including monetary items denominated in a non-functional currency in the consolidated financial statements).

##### Sensitivity analysis

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items on the end date of the financial reporting period. The Group is mainly impacted by the exchange rate fluctuations in USD. If the Group's members' functional currency had appreciated/depreciated 3% against the U.S. dollar, the Group's pre-tax loss for the year ended December 31, 2023 would have increased/decreased by NT\$13,942 thousand, and the pre-tax benefit for the year ended December 31, 2022 would have decreased/increased by NT\$4,993 thousand.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to exchange rates on the balance sheet date were receivables payables and loans denominated in USD.

In the management's opinion, the sensitivity analysis was unrepresentative for the foreign currency risk of interim period because the exposure at the end of the reporting period did not reflect the exposure during the period.

(2) Interest rate risk

The Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations in market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
– Financial assets	\$ 391,181	\$ 420,088
– Financial liabilities	257,416	256,540
Cash flow interest rate risk		
– Financial assets	79,926	68,301
– Financial liabilities	1,492,196	1,997,926

Sensitivity analysis

The fixed-rate financial assets / liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. For floating rate assets / liabilities, the analysis was prepared to assume that the amount of the assets / liabilities outstanding at the end of the reporting period was outstanding for the whole year. The rate of change used internally in reporting interest rates to the key management personnel from the Group is a 0.5% increase or decrease in interest rates,

which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's loss before tax for the year ended December 31, 2023 would have increased/decreased/ by NT\$7,061 thousand, and the profit before tax for the year ended December 31, 2022 would have decreased/increased by NT\$9,648 thousand.

## 2. Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Group's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the consolidated balance sheets.

The policies adopted by the Group are to only conduct transactions with reputed counterparties, and to obtain sufficient collateral under necessary circumstances to reduce the risk of financial losses. The Group uses publicly available financial information and mutual transaction records to rate major customers. The Group continuously monitors credit exposure risks and the credit ratings of counterparties, distributes the total transaction amount to customers with qualified credit ratings, and controls credit exposure risks through non-periodic review and approval of counterparty credit limits.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. Accordingly, the management of the Group believes that the Group's credit risk is significantly reduced.

In addition, the credit risk of working capital and derivative financial instruments is limited because the counterparty is a bank with a high credit rating given by an international credit rating agency.

The Group's credit risk by geographic region was mainly concentrated in mainland China and accounted for approximately 65% and 70% of total notes and accounts receivable as of December 31, 2023 and 2022, respectively.

### 3. Liquidity risk

The Group operations and mitigate the effects of the operating cash flow fluctuations by managing and maintaining sufficient cash and cash equivalents.

#### (1) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest dates on which the Group can be required to pay. The table has been drawn up based on the undiscounted cash flows of financial liabilities, including the estimated cash flows of interests and principals.

December 31, 2023

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 years
<u>Non-derivative</u>			
<u>financial</u>			
<u>liabilities</u>			
Non-interest bearing liabilities	-	\$ 238,483	\$ -
Lease liabilities	1.22	14,680	45,155
Floating interest rate liabilities	1.96	185,118	1,400,619
Fixed interest rate liabilities	1.69	<u>199,284</u>	<u>-</u>
		<u>\$ 637,565</u>	<u>\$ 1,445,774</u>

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 years
<u>Non-derivative</u>			
<u>financial</u>			
<u>liabilities</u>			
Non-interest bearing			
liabilities	-	\$ 236,507	\$ -
Lease liabilities	1.21	15,031	60,849
Floating interest			
rate liabilities	2.84	658,396	1,423,132
Fixed interest rate			
liabilities	1.87	<u>183,116</u>	<u>-</u>
		<u>\$ 1,093,050</u>	<u>\$ 1,483,981</u>

(2) Financing facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured banking		
facilities		
– Amount used	\$ 449,332	\$ 1,180,926
– Amount unused	<u>2,099,825</u>	<u>2,381,816</u>
	<u>\$ 2,549,157</u>	<u>\$ 3,562,742</u>
Secured banking facilities		
– Amount used	\$ 1,243,272	\$ 1,000,000
– Amount unused	<u>429,461</u>	<u>-</u>
	<u>\$ 1,672,733</u>	<u>\$ 1,000,000</u>

#### XXIV. Related Party Transactions

USI Corporation (“USI”) has control over the operations of the Company, so USI is the parent company of the Company. As at December 31, 2023 and 2022, USI held 46.9% and 44.7% of the ordinary shares of the Company by itself and through its subsidiaries, respectively.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes the transactions between the Group and other related parties are as follows.

##### (I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
USI CORPORATION (USI)	Parent company
USI Management Consulting Corporation (“UM”)	Fellow subsidiary
China General Plastics Corporation (“CGPC”)	Fellow subsidiary
Asia Polymer Corporation (“APC”)	Fellow subsidiary
Taita Chemical Company, Ltd. (TTC)	Fellow subsidiary
Swanson Plastics Corporation (“SPC”)	Fellow subsidiary
USI Optronics Corporation (“USIO”)	Associate

##### (II) Sales

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Associate		
USIO	<u>\$ 293</u>	<u>\$ 261</u>

The terms and conditions of sales transaction between the Company and affiliates are 60 days after monthly settlement. The terms and prices of sales to related parties are equivalent to those of non-related parties.

##### (III) Purchase

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Associate		
USIO	<u>\$ 3,231</u>	<u>\$ 9,597</u>

The terms and conditions of purchase transaction between the Company and affiliates are 25 days after monthly settlement. The terms and prices of purchase from related parties are equivalent to those of non-related parties.

(IV) Receivables from related parties (excluding loans to related parties)

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts receivable - related parties	Associate		
	USIO	\$ <u>77</u>	\$ <u>-</u>
Other receivables from related parties	Fellow subsidiary		
	SPC	\$ 4,019	\$ 3,970
	Associate		
	USIO	<u>200</u>	<u>656</u>
		\$ <u>4,219</u>	\$ <u>4,626</u>

(V) Payables to related parties

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts payable - related parties	Associate		
	USIO	\$ <u>-</u>	\$ <u>878</u>
Other payables - related parties	Parent company		
	USI	\$ 717	\$ 1,136
	Fellow subsidiary		
	SPC	514	1,055
	APC	48	48
	UM	45	33
	CGPC	<u>-</u>	<u>2</u>
		\$ <u>1,324</u>	\$ <u>2,274</u>

(VI) Acquisition of property, plant and equipment

Related Party Category/Name	Acquisition cost	
	2023	2022
Parent company		
USI	\$ -	\$ 310
Associate		
USIO	<u>3,330</u>	<u>-</u>
	<u>\$ 3,330</u>	<u>\$ 310</u>

(VII) Other Related Party Transactions

Accounting Subject	Related Party Category/Name	2023	2022
Revenue from management service expenses	Fellow subsidiary		
(Recorded non-operating incomes and expenses)	SPC	\$ 9,436	\$ 6,133
	Associate		
	USIO	<u>413</u>	<u>827</u>
		<u>\$ 9,849</u>	<u>\$ 6,960</u>
Management service fee expenditures	Parent company		
(Classified as operating expenses)	USI	\$ 21	\$ -
	Fellow subsidiary		
	UM	14,392	12,883
	SPC	<u>2,639</u>	<u>1,347</u>
		<u>\$ 17,052</u>	<u>\$ 14,230</u>
Rent expenditures	Parent company		
(Classified as operating expenses)	USI	\$ 3,194	\$ 3,068
	Fellow subsidiary		
	APC	<u>275</u>	<u>275</u>
		<u>\$ 3,469</u>	<u>\$ 3,343</u>



The Company leases the Neihu office from the parent company on a monthly basis and pays the agreed price on a monthly basis.

Accounting Subject	Related Party Category/Name	2023	2022
Other expenditures (Classified as operating expenses)	Fellow subsidiary SPC	\$ -	\$ 763
	Associate USIO	136	-
		<u>\$ 136</u>	<u>\$ 763</u>
Other income (Recorded non- operating incomes and expenses)	Associate USIO	\$ 52	\$ -

(VIII) Compensation of key management personnel

	2023	2022
Short-term employee benefits	\$ 15,392	\$ 15,051
Post-retirement benefits	206	193
	<u>\$ 15,598</u>	<u>\$ 15,244</u>

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXV. Collateralized Assets

The following assets of the Group are provided as collateral for financing loans, customs security for imported raw materials or as security for natural gas consumption:

	December 31, 2023	December 31, 2022
Time deposit (classified as refundable deposits)	\$ 6,000	\$ 6,000
Current deposit (classified as refundable deposits)	4,335	2,205
Time deposits (classified as financial assets measured at amortized cost)	20,189	15,557
Property, Plant, and Equipment (Carrying Amount)	303,617	209,507

Right-of-use assets (Carrying Amount)	23,799	-
	<u>\$ 357,940</u>	<u>\$ 233,269</u>

XXVI. Significant Contingent Liability and Unrecognized Contractual Commitments

In addition, as of December 31, 2023, in order to apply to the Taiwan government for the subsidy of industrial upgrading platform innovation guidance program, the Company's performance guarantee provided by the bank was NT\$9,000 thousand.

XXVII. Information on exchange rate of foreign currency-dominated financial assets and liabilities

		December 31, 2023			
		Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
Financial assets					
<u>Monetary items</u>					
USD	\$	10,147	30.7050 (USD:NTD)	\$	311,566
USD		3,000	7.0827 (USD:CNY)		21,247
USD		5,643	4.7894 (USD:MYR)		27,028
RMB		13,748	4.3352 (RMB:NTD)		59,599
Financial liabilities					
<u>Monetary items</u>					
USD		916	30.7050 (USD:NTD)		28,125
USD		1,721	7.0827 (USD:CNY)		12,190
USD		1,018	4.7894 (USD:MYR)		4,874
RMB		13,333	4.3352 (RMB:NTD)		57,800

December 31, 2022				
	Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)	Functional Currency (NT\$ thousands)	New Taiwan Dollars (NT\$ thousands)
Financial assets				
<u>Monetary items</u>				
USD	\$ 10,168	30.7100 (USD:NTD)	\$ 312,253	\$ 312,253
USD	3,605	6.9647 (USD:CNY)	25,110	110,720
USD	4,612	4.5843 (USD:MYR)	21,141	141,621
RMB	8,701	4.4094 (RMB:NTD)	38,367	38,367
Financial liabilities				
<u>Monetary items</u>				
USD	533	30.7100 (USD:NTD)	16,375	16,375
USD	10,733	6.9647 (USD:CNY)	75,032	330,846
USD	1,659	4.5843 (USD:MYR)	7,607	50,958
RMB	12,295	4.4094 (RMB:NTD)	54,214	54,214

The net foreign exchange gains (realized and unrealized) of the Group for the years ended December 31, 2023 and 2022 were NT\$7,987 thousand and NT\$11,959 thousand, respectively. Due to the variety of foreign currency transactions and functional currencies of the Group's individual entities, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

#### XXVIII. Disclosure Items

##### (I) Information on Significant Transactions:

1. Loans to others: Table 1.
2. Endorsements/guarantees provided for others: Table 2.
3. Securities held at the end of the period: None.
4. Cumulative purchase or sale of the same securities amounted to NT \$300 million or 20% and above of the paid-in capital: None.
5. Acquisition of real estate amounting to NT\$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate amounting to NT\$300 million or 20% of paid-in capital or more: None.

7. Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-in capital or more: Table 3.
8. Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: Table 4
9. Trading in derivative instruments: Note 7.
10. Others - intercompany relationships and significant intercompany transactions: Table 7.

(II) Information on investees: Table 5.

(III) Information on Investments in Mainland China:

1. Information on investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss and recognized investment income or loss, ending carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in mainland China: Table 6.
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information:
  - (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7.
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7.
  - (3) The amount of property transactions and the amount of the resultant gains or losses: None.
  - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
  - (5) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: Table 1.
  - (6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services: Table 7.

(IV) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%: Table 8.

#### XXIX. Segment Information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of products provided. In accordance with IFRS 8 “Operating Segments”, the reportable segment information of the Group for the years ended December 31, 2023 and 2022 includes: (i) Passive components - engaged in the production and sale of ferromagnetic cores and powders; (ii) Silicon carbide - engaged in the research and development, production and marketing of silicon carbide; (iii) Others - Operating segments that do not meet the disclosure threshold.

##### (I) Segment revenue and results

The revenue and operating results of the continuing business units of the Group are analyzed by reporting segment as follows:

	Segment revenue		Segment income	
	2023	2022	2023	2022
Passive components	\$ 2,213,169	\$ 2,882,314	( \$ 261,329 )	\$ 83,953
Silicon carbide	338,577	174,903	112,147	65,481
Others	—	—	( 4,170 )	( 5,364 )
Total of continuing business units	<u>\$ 2,551,746</u>	<u>\$ 3,057,217</u>	( 153,352 )	144,070
Headquarters management costs and director compensation			( 94,844 )	( 96,647 )
Interest income			13,766	7,964
Foreign exchange gain (loss)			7,987	11,959
Finance costs			( 45,779 )	( 34,399 )
Other non-operating revenue			<u>22,757</u>	<u>20,125</u>
Net profit (loss) before tax			( <u>\$ 249,465</u> )	<u>\$ 53,072</u>

The revenue reported above is generated from transactions with external clients. All interdepartmental transactions for the years ended December 31, 2023 and 2022 have been written off in the preparation of consolidated financial reports.

Departmental benefits refer to the profits earned by each department, excluding apportionable headquarters management costs and directors’ remunerations, interest income, gains (losses) on foreign currency exchange, interest expenses and

other non-operating incomes. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Since the Group's individual segment assets were not included in the segment information provided to the chief operating decision-maker, the measured amount of operating segment assets was not disclosed herein.

(II) Other Segment Information

	Depreciation and amortization	
	2023	2022
Passive components	\$ 249,428	\$ 215,480
Silicon carbide	<u>32,843</u>	<u>17,974</u>
	<u>\$ 282,271</u>	<u>\$ 233,454</u>

(III) Main product revenue

The revenue analysis of the main products of the continuing business units of the Group is as follows:

	2023	2022
Passive components	\$ 2,213,169	\$ 2,882,314
Silicon carbide	<u>338,577</u>	<u>174,903</u>
	<u>\$ 2,551,746</u>	<u>\$ 3,057,217</u>

(IV) Geographical financial information

The Group's continuing business unit income from external customers is classified by the country where the customers are located and non-current assets by the region of the assets are listed as follows:

	Revenue from external clients		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Asia	\$ 1,846,460	\$ 2,355,421	\$ 2,517,854	\$ 2,342,436
Europe	314,725	506,438	-	-
America	361,513	188,145	-	-
Others	<u>29,048</u>	<u>7,213</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,551,746</u>	<u>\$ 3,057,217</u>	<u>\$ 2,517,854</u>	<u>\$ 2,342,436</u>

Non-current assets do not include deferred income tax assets and deposit margin.

(V) Customer-specific financial information

In the years ended December 31, 2023 and 2022, the revenues from a single customer amounting to 10% or more of the Group's total revenue were as follows:

	2023	2022
Client A	<u>\$ 244,985</u>	<u>\$ 336,913</u>

Acme Electronics Corporation and Subsidiaries  
FINANCING PROVIDED TO OTHERS  
From January 1 to December 31, 2023

Table 1

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Lender	Borrower	Financial Statement Account	Related Party (Yes/No)	Maximum balance of the current period	Ending balance (Note 3)	Actual Borrowing Amount (Note 3 and 4)	Range of interest rates	Nature of lending (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing limit to individual borrower (Note 1)	Aggregate financing limit (Note 1)	Remarks
													Name	Value			
1	Acme Electronics (GZ)	ACME Electronics (KS)	Other receivables - related parties	Yes	\$ 176,040 ( RMB40,000 thousand)	\$ 173,408 ( RMB40,000 thousand)	\$ 104,045 ( RMB24,000 thousand)	3.45%	2	\$ -	Business turnover	\$ -	—	—	\$ 383,828	\$ 383,828	

Note 1:Total financing amounts provided to others shall not exceed 40% of the net value of ACME Electronics (Guangzhou) Co., Ltd., and the highest aggregate financing limits were calculated by the net value as of December 31, 2023.

Note 2:The method of filling in the nature of financing is as follows:

- (1) Fill in 1 for those with business relationship.
- (2) Fill in 2 for those with necessary for short-term financing.

Note 3:The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Note 4:All the transactions were eliminated when preparing the consolidated financial statements.



Acme Electronics Corporation and Subsidiaries  
Endorsements/Guarantees Provided for Others  
From January 1 to December 31, 2023

Table 2

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3 and 4)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (Note 1)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Made by Parent for Subsidiaries	Endorsement/ Guarantee Made by Subsidiaries for Parent	Endorsement/ Guarantee Made for Companies in Mainland China	Remarks
		Company Name	Relationship											
0	The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	\$ 2,654,198	\$ 778,716 (USD 18,500 thousand and RMB 49,000 thousand)	\$ 365,950 ( USD 5,000 thousand and RMB 49,000 thousand)	\$ 151,732 ( RMB35,000 thousand)	None	20.68%	\$ 3,538,930	Y	N	Y	
		Acme Electronics (GZ)	Subsidiary of GAEL	2,654,198	64,850 (USD 2,000 thousand )	-	-	None	-	3,538,930	Y	N	Y	
		ACME (Cayman)	Subsidiary of the Company	2,654,198	314,200 (USD 10,000 thousand)	-	-	None	-	3,538,930	Y	N	N	
1	ACME (MA)	ACME Ferrite	Subsidiaries of ACME (MA)	480,703	115,597 (MYR 17,584 thousand)	112,731 (MYR 17,584 thousand)	64,271 (MYR 10,025 thousand)	None	16.42%	549,375	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of December 31, 2023.

Note 2: The total amount of endorsements/guarantees provided shall not exceed 200% of the Company’s net value. The amount of endorsements/guarantees for an individual entity shall not exceed 150% of the Company’s net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2023.

The total amount of ACME (MA)’s endorsement/guarantee shall not exceed 80% of ACME (MA)’s net value. The amount of endorsement/guarantee for an individual entity shall not exceed 70% of ACME (MA)’s net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2023.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Acme Electronics Corporation and Subsidiaries  
Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital;  
From January 1 to December 31, 2023

Table 3

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Counterparty	Relationship	Transaction Details				Unusual Transaction Terms and Reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Ratio to Total Purchase / Sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Notes or Trade Receivable (payable)	
The Company	Acme Electronics (GZ)	Subsidiary of GAEL	Purchase (including processing fee)	\$ 242,598	39%	55 days	\$ -	—	( \$ 22,477 )	32%	Note 2
Acme Electronics (GZ)	The Company	Subsidiary of GAEL	Sales (including processing fee)	( 242,598 )	29%	55 days	-	—	22,477	9%	Note 2
The Company	Acme Electronics (GZ)	Subsidiary of GAEL	Sales	( 129,989 )	11%	55 days	-	—	22,560	7%	Note 2
Acme Electronics (GZ)	The Company	Subsidiary of GAEL	Purchase	129,989	77%	55 days	-	—	( 22,560 )	67%	Note 2
The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	Sales	( 173,680 )	15%	55 days	-	—	47,271	15%	Note 2
ACME Electronics (KS)	The Company	Subsidiary of ACME (Cayman)	Purchase	173,680	75%	55 days	-	—	( 47,271 )	70%	Note 2

Note 1: The terms of purchase and sales transactions between the Company and its subsidiaries are not materially different from those of general transactions. The price of the products sold by the Company to its subsidiaries may vary depending on the Group's business strategy and the pricing may be different from that of ordinary transactions.

Note 2: All the transactions were eliminated when preparing the consolidated financial statements.

Acme Electronics Corporation and Subsidiaries  
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
December 31, 2023

Table 4

Unit: In Thousands of New Taiwan Dollars

Company Name	Counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Treatment		
Acme Electronics (GZ)	ACME Electronics (KS)	Subsidiary of GAEL	Other receivables - related parties \$104,317	-	\$ -	—	\$ 90	Note 1

Note 1: It is assessed that no allowance for impairment loss is needed.

Note 2: All the transactions were written off when preparing the consolidated financial statements.

Acme Electronics Corporation and Subsidiaries  
Name of the invested company, location... and other related information  
From January 1 to December 31, 2023

Table 5

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor	Investee	Location	Main Business Activities	Original Investment Amount (Note 2)		Ending Holding			Net Profit (Loss) of Investee for the Period (Note 3)	Investment Profit (Loss) Recognized for the Period (Note 3)	Remarks
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note 2)			
The Company	ACME (Cayman)	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Corporate investments	\$ 880,420	\$ 605,182	36,675,541	60.10%	\$ 843,264	(\$ 94,932) (USD(3,046) thousand)	(\$ 33,582) (USD (1,063) thousand)	Note 1
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	958,218	( 72,483)	( 67,927)	Note 1
	USIO	12F, No. 37, Jihu Rd., Neihu Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34%	18,196	( 13,363)	( 4,543)	
ACME (Cayman)	ACME (MA)	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	365,113 (USD 11,891 thousand)	365,113 (USD 11,891 thousand)	42,600,000	100%	695,722 (USD 22,660 thousand)	17,755 (MYR 2,704 thousand)		Note 1
ACME (MA)	ACME Ferrite	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Manufacturing and marketing of soft ferrite core	243,387 (MYR 37,964 thousand)	243,387 (MYR37,964 thousand)	9,120,000	100%	687,154 (MYR 107,184 thousand)	18,315 (MYR 2,790 thousand)		Note 1

Note 1: The carrying amount and the recognized investment gain (loss) for the period have been fully eliminated when preparing the consolidated financial statements.

Note 2: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Note 3: The amount is calculated based on the average exchange rate from January 1 to December 31, 2023.

Note 4: Please refer to Table 6 for relevant information on mainland investee companies.

Acme Electronics Corporation and Subsidiaries  
Information on Investments in Mainland China  
From January 1 to December 31, 2023

Table 6Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company in Mainland China	Main Business Activities	Paid-in Capital (Note 6)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of the Beginning of Period (Note 4)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan as of the End of the Current Period (Note 4)	Net Profit (Loss) of Investee for the Period (Note 5)	Ownership Percentage of Direct or Indirect Investment	Investment Gain (Loss) Recognized in the Period (Notes 3, 5 and 7)	Carrying Amount at End of Period (Notes 6 and 7)	Accumulated Repatriation of Investment Profit as of the End of the Current Period
					Outflow	Inflow						
ACME Electronics (KS)	Manufacturing and marketing of soft ferrite core	\$ 943,411 (USD 30,725 thousand)	Indirect investment via ACME (Cayman).	\$ 374,188 (USD 11,144 thousand)	\$ -	\$ -	\$ 374,188 (USD 11,144 thousand)	(\$ 104,690) (RMB(23,651) thousand)	60.10%	(\$ 60,229) (RMB(13,609) thousand)	\$ 407,515 (RMB 94,001 thousand)	\$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	589,536 (USD 19,200 thousand)	Indirect investment via GAEL.	619,676 (USD 19,200 thousand)	-	-	619,676 (USD 19,200 thousand)	( 71,856) (RMB (16,296) thousand)	100%	( 71,856) (RMB (16,296) thousand)	959,571 (RMB 221,344 thousand)	-

Accumulated Outward Remittance of Investment to Mainland China from Taiwan at the End of the Current Period	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Amount of Investments in Mainland China Authorized by Investment Commission, MOEA
\$ 931,713 (USD 30,344 thousand) (Notes 2 and 6)	\$ 1,124,816 (USD 36,633 thousand) (Notes 2 and 6)	\$- (Note 1)

Note 1: According to the file J.S.Z. No. 09704604680 issued by the Investment Commission, MOEA on August 29, 2008, the Company is an enterprise that has obtained the certificate issued by the Industrial Development Bureau, MOEA for meeting the business scope of the headquarters, so there is no investment limit.

Note 2: It includes the capital increase transferred from earnings of Acme Electronics (Kunshan) Co., Ltd., and the Company increased the amount of US\$6,289 thousand at its ownership percentage.

Note 3: The investment gain (loss) recognized for this period are calculated on the basis of financial statements reviewed and approved by CPAs of the parent company in Taiwan.

Note 4: The calculation was based on the exchange rate of the original investment.

Note 5: The amount is calculated based on the average exchange rate from January 1 to December 31, 2023.

Note 6: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Note 7: The carrying amount and the recognized investment gain (loss) for the period have been fully eliminated when preparing the consolidated financial statements.

Acme Electronics Corporation and Subsidiaries  
Intercompany Relationships and Significant Intercompany Transactions  
From January 1 to December 31, 2023

Table 7

Unit: In Thousands of New Taiwan Dollars

No.	Name of trader	Counterparty	Relationships with trader (Note)	Transactions Details			
				Financial Statement Accounts	Amount	Transaction Terms	% of Total Consolidated Operating Revenue or Total Asset
0	The Company	ACME Electronics (KS)	1	Sales revenue	\$ 173,680	55 days for both purchase and sales	6.81%
0	The Company	Acme Electronics (GZ)	1	Sales revenue	129,989	55 days for both purchase and sales	5.09%
0	The Company	ACME Ferrite	1	Sales revenue	13,872	55 days for both purchase and sales	0.54%
0	The Company	ACME Electronics (KS)	1	Cost of goods sold	40,992	55 days for both purchase and sales	1.61%
0	The Company	Acme Electronics (GZ)	1	Cost of goods sold	4,745	55 days for both purchase and sales	0.19%
0	The Company	Acme Electronics (GZ)	1	Processing costs (classified as cost of goods sold)	237,853	—	9.32%
0	The Company	ACME Electronics (KS)	1	Royalty revenue	21,769	—	0.85%
0	The Company	ACME (Cayman)	1	Endorsement guaranteed income (recognized as non-operating incomes and gains - other)	1,941	—	0.08%
0	The Company	ACME Ferrite	1	Other income	134	—	0.01%
0	The Company	ACME Electronics (KS)	1	Other income	1,632	—	0.06%
0	The Company	ACME Electronics (KS)	1	Accounts receivable - related parties	47,271	55 days for both purchase and sales	1.03%
0	The Company	Acme Electronics (GZ)	1	Accounts receivable - related parties	22,560	55 days for both purchase and sales	0.49%
0	The Company	ACME Ferrite	1	Accounts receivable - related parties	2,055	55 days for both purchase and sales	0.04%
0	The Company	ACME Electronics (KS)	1	Other receivables from related parties	29,062	—	0.63%
0	The Company	Acme Electronics (GZ)	1	Other receivables from related parties	337	—	0.01%
0	The Company	Acme Electronics (GZ)	1	Notes and accounts payable—related parties	22,477	55 days for both purchase and sales	0.49%
0	The Company	ACME Electronics (KS)	1	Notes and accounts payable—related parties	14,335	55 days for both purchase and sales	0.31%
0	The Company	Acme Electronics (GZ)	1	Other payables - related parties	3,458	—	0.08%
0	The Company	ACME Electronics (KS)	1	Other payables - related parties	912	—	0.02%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Sales revenue	15,641	55 days for both purchase and sales	0.61%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Cost of goods sold	23,633	55 days for both purchase and sales	0.93%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Interest expenses	187	—	0.01%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Accounts receivable - related parties	3,645	55 days for both purchase and sales	0.08%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Notes and accounts payable—related parties	2,101	55 days for both purchase and sales	0.05%
3	ACME Electronics (KS)	Acme Electronics (GZ)	3	Other payables - related parties	104,317	—	2.28%
3	ACME Electronics (KS)	ACME Ferrite	3	Sales revenue	91,652	55 days for both purchase and sales	3.59%
3	ACME Electronics (KS)	ACME Ferrite	3	Cost of goods sold	5,042	55 days for both purchase and sales	0.20%
3	ACME Electronics (KS)	ACME Ferrite	3	Accounts receivable - related parties	16,464	55 days for both purchase and sales	0.36%
3	ACME Electronics (KS)	ACME Ferrite	3	Notes and accounts payable—related parties	2,515	55 days for both purchase and sales	0.05%
3	ACME Ferrite	Acme Electronics (GZ)	3	Sales revenue	5,524	55 days for both purchase and sales	0.22%
3	ACME Ferrite	Acme Electronics (GZ)	3	Cost of goods sold	363	55 days for both purchase and sales	0.01%
3	ACME Ferrite	Acme Electronics (GZ)	3	Accounts receivable - related parties	1,639	55 days for both purchase and sales	0.04%
3	ACME Ferrite	Acme Electronics (GZ)	3	Notes and accounts payable—related parties	274	55 days for both purchase and sales	0.01%

Note:

1. The parent company to its subsidiary.
2. The subsidiary to the parent company.
3. Between subsidiaries.
4. All the transactions were written off when preparing the consolidated financial statements.

Acme Electronics Corporation  
Information on Major Shareholders  
December 31, 2023

Table 8

Names of Major Shareholders	Shares	
	Number of Shares Held (in Shares)	Shareholding (%)
USI CORPORATION	61,682,967	28.95%
USIFE Investment Co., Ltd.	20,280,230	9.52%

Note 1: The table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDC) calculates the total number of ordinary shares and preferred shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the Company's consolidated financial statements and the actual number shares that have completed the dematerialized registration and delivery may be different due to the difference in the basis of calculation.

## **Independent Auditors' Report**

To: Acme Electronics Corporation

### **Audit Opinion**

We have audited the Parent Company Only balance sheets of Acme Electronics Corporation (the “Company”) as of December 31, 2023 and 2022 and the Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows for January 1 to December 31, 2023 and 2022, and the accompanying Notes to the Financial Statements (including the Summary of Significant Accounting Policies).

In our opinion, the financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and are sufficient to give a fair representation of the financial position of the Company as of December 31, 2023 and 2022, and the financial performance and cash flows from January 1 to December 31, 2023 and 2022.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards of Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the 2023 Parent Company Only Financial Statements of Acme Electronics Corporation. These matters were addressed in the context of our audit of the 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 Parent Company Only Financial Statements of the Company for 2023 are as follows:

#### Revenue from Sales of Specific Products

In 2023, the Company's revenue from sales of specific products increased significantly, which deviated from the overall trend in operating revenue, and the amount was significant. Therefore, the auditor has listed the authenticity of the aforementioned sales revenue as a key audit matter.

Please consult Note 4 of the Parent Company Only Financial Statements for accounting policies and relevant information concerning sales revenue.

#### Audit Procedures:

1. Obtain a comprehensive understanding of the operational procedures and internal controls associated with the Company's sales transactions and test the design and implementation of such controls.
2. Obtain specific sales revenue details and carefully review the relevant original orders, shipping documents, and other certificates associated with the recognition of sales revenue, as well as the actual receipt of payments to confirm the authenticity of sales revenue.
3. Review sales returns and discounts after the period to confirm whether there are any abnormalities.

#### **Responsibilities of Management and Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and such internal control as the management determines is necessary to enable the preparation of Parent Company Only Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If considered material, individually or in aggregate, misstatements could reasonably be expected to influence the economic decisions of users taken on the basis of the Parent Company Only Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting 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 operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements (including the related notes) 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 and for expressing an opinion on the Parent Company Only Financial Statements of the Company.

We communicate with those in charge of 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.

Based on the matters communicated with those charged with governance, we determined the key audit matters for the Parent Company Only Financial Statements of the Company for 2023. 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.

Deloitte & Touche

CPA Chang, Cheng-Hsiu

CPA Chiu, Cheng-Chun

Financial Supervisory Commission  
Approved Document No.  
Financial Management Certificate  
Examination No. 1120349008

Financial Supervisory Commission Approved  
Document No.  
Financial Management Certificate  
Examination No. 0930160267

### Notice to Readers

The accompanying financial statements are intended only to present the accompanying financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such accompanying financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and accompanying financial statements shall prevail.

March 6, 2024

Acme Electronics Corporation  
Parent Company Only Balance Sheets  
December 31, 2023 and 2022

Unit: NT\$ thousands

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 50,135	2	\$ 82,497	2
1136	Financial assets at amortized cost - current (Notes 4, 7 and 23)	5,800	-	5,800	-
1150	Notes receivable (Notes 4 and 8)	392	-	389	-
1170	Accounts receivable, net (Notes 4 and 8)	240,584	7	213,531	6
1180	Accounts receivable, net of related parties (Notes 4 and 22)	71,963	2	83,402	3
1200	Other receivables (Note 4)	1,648	-	575	-
1210	Other receivables, related parties (Notes 4 and 22)	33,804	1	31,191	1
1220	Current tax assets (Notes 4 and 18)	317	-	171	-
130X	Inventories (Notes 4, 5 and 9)	252,536	7	358,124	11
1470	Other current assets	40,695	1	54,530	2
11XX	Total current assets	<u>697,874</u>	<u>20</u>	<u>830,210</u>	<u>25</u>
	Non-current assets				
1550	Investments accounted for under the equity method (Notes 4 and 10)	1,819,678	51	1,781,355	53
1600	Property, plant and equipment (Notes 4, 11, 22 and 23)	691,487	20	483,203	15
1755	Right-of-use assets (Notes 4 and 12)	607	-	1,095	-
1780	Intangible assets (Note 4)	616	-	1,327	-
1840	Deferred tax assets (Notes 4 and 18)	58,604	2	55,178	2
1915	Prepayments for equipment	251,842	7	178,980	5
1920	Refundable deposits (Note 23)	6,130	-	6,130	-
15XX	Total non-current assets	<u>2,828,964</u>	<u>80</u>	<u>2,507,268</u>	<u>75</u>
1XXX	Total Assets	<u>\$ 3,526,838</u>	<u>100</u>	<u>\$ 3,337,478</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 13)	\$ 199,100	6	\$ 216,000	7
2110	Short-term notes payable, net (Note 13)	-	-	79,951	2
2170	Notes and accounts payable	32,603	1	34,753	1
2180	Accounts payable, related parties (Note 22)	36,811	1	64,843	2
2200	Other payables (Note 22)	119,721	3	61,129	2
2280	Lease liabilities - current (Notes 4 and 12)	390	-	491	-
2399	Other current liabilities	1,120	-	2,076	-
21XX	Total current liabilities	<u>389,745</u>	<u>11</u>	<u>459,243</u>	<u>14</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 13 and 23)	1,277,500	36	1,369,000	41
2570	Deferred tax liabilities (Notes 4 and 18)	74,756	2	114,735	3
2580	Lease liabilities - non-current (Notes 4 and 12)	230	-	620	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 14)	15,118	1	16,153	1
2645	Guarantee deposits received	24	-	24	-
25XX	Total non-current liabilities	<u>1,367,628</u>	<u>39</u>	<u>1,500,532</u>	<u>45</u>
2XXX	Total Liabilities	<u>1,757,373</u>	<u>50</u>	<u>1,959,775</u>	<u>59</u>
	Equity (Notes 4, 14 and 16)				
3110	Ordinary share capital	2,129,937	60	1,829,937	55
3200	Capital surplus	299,942	9	2,139	-
3350	Accumulated deficit	( 478,030)	( 14)	( 305,019)	( 9)
	Other equity				
3410	Exchange differences on translating the financial statements of foreign operations	( 182,384)	( 5)	( 149,354)	( 5)
3XXX	Total equity	<u>1,769,465</u>	<u>50</u>	<u>1,377,703</u>	<u>41</u>
	Total liabilities and equity	<u>\$ 3,526,838</u>	<u>100</u>	<u>\$ 3,337,478</u>	<u>100</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chung

Acme Electronics Corporation  
Parent Company Only Statements of Comprehensive Income  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands (except Earnings (Losses) Per Share: NT\$)

Code		2023		2022	
		Amount	%	Amount	%
	Operating revenue				
4110	Sales revenue (Notes 4 and 22)	\$ 1,191,622	100	\$ 1,381,388	100
4170	Less: Sales returns and allowances (Note 4)	<u>2,851</u>	<u>-</u>	<u>2,062</u>	<u>-</u>
4000	Total operating revenue	<u>1,188,771</u>	<u>100</u>	<u>1,379,326</u>	<u>100</u>
	Operating costs				
5110	Cost of goods sold (Notes 4, 9, 14, 17 and 22)	<u>956,419</u>	<u>81</u>	<u>1,278,685</u>	<u>92</u>
5900	Gross profit	232,352	19	100,641	8
5910	(Un)realized losses from sales (Notes 4 and 22)	<u>88,058</u>	<u>7</u>	<u>( 96,505 )</u>	<u>( 7 )</u>
5950	Realized gross profit	<u>144,294</u>	<u>12</u>	<u>197,146</u>	<u>15</u>
	Operating expenses (Notes 4, 8, 14, 15, 17 and 22)				
6100	Selling and marketing expenses	39,733	3	40,997	3
6200	Administrative expenses	94,845	8	96,947	7
6300	Research and development expenses	122,185	10	93,245	7
6450	Provision (reversal of provision) for bad debt expense	<u>-</u>	<u>-</u>	<u>( 300 )</u>	<u>-</u>
6000	Total operating expenses	<u>256,763</u>	<u>21</u>	<u>230,889</u>	<u>17</u>
6900	Net operating loss	<u>( 112,469 )</u>	<u>( 9 )</u>	<u>( 33,743 )</u>	<u>( 2 )</u>
	Non-operating income and expenses				
7100	Interest income	2,962	-	1,110	-
7010	Other income (Notes 4, 17 and 22)	36,526	3	40,398	3
7020	Other gains and losses (Notes 4 and 17)	<u>( 3,393 )</u>	<u>-</u>	<u>( 3,977 )</u>	<u>( 1 )</u>
7050	Finance costs (Note 17)	<u>( 23,233 )</u>	<u>( 2 )</u>	<u>( 16,906 )</u>	<u>( 1 )</u>
7630	Foreign exchange gains (Notes 4 and 17)	1,530	-	38,496	3
7070	Share of profit or loss of subsidiaries and affiliates accounted for using the equity method (Notes 4 and 10)	<u>( 106,052 )</u>	<u>( 9 )</u>	<u>11,965</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>( 91,660 )</u>	<u>( 8 )</u>	<u>71,086</u>	<u>5</u>

(Continued)

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7900	Net profit (loss) before tax	( \$ 204,129 )	( 17 )	\$ 37,343	3
7950	Income tax benefit (expense) (Notes 4 and 18)	<u>32,905</u>	<u>3</u>	( <u>20,995</u> )	( <u>2</u> )
8200	Net profit (loss) for the year	( <u>171,224</u> )	( <u>14</u> )	<u>16,348</u>	<u>1</u>
	Other comprehensive income (net)				
8310	Items not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Notes 4 and 14)	( 337 )	-	2,864	-
8349	Income tax relating to items not reclassified subsequently to profit or loss (Notes 4 and 18)	<u>68</u> ( <u>269</u> )	<u>-</u> <u>-</u>	( <u>573</u> ) <u>2,291</u>	<u>-</u> <u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating the financial statements of foreign operations	( 41,287 )	( 4 )	27,355	2
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 18)	<u>8,257</u> ( <u>33,030</u> )	<u>1</u> ( <u>3</u> )	( <u>5,471</u> ) <u>21,884</u>	<u>-</u> <u>2</u>
8300	Total other comprehensive income (net) for the fiscal year	( <u>33,299</u> )	( <u>3</u> )	<u>24,175</u>	<u>2</u>
8500	Total comprehensive income for the fiscal year	( <u>\$ 204,523</u> )	( <u>17</u> )	<u>\$ 40,523</u>	<u>3</u>
	Earnings (losses) per share (Note 19)				
9750	Basic	( <u>\$ 0.81</u> )		<u>\$ 0.09</u>	
9850	Diluted	( <u>\$ 0.81</u> )		<u>\$ 0.09</u>	

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman of the Board:  
Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager:  
Chang, Sheng-Chung

Acme Electronics Corporation  
Parent Company Statements of Changes in Equity  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands, unless stated otherwise

Code		Share capital (Note 16)		Capital surplus (Notes 4 and 16)	Accumulated deficit (Notes 4, 14 and 16)	Exchange differences on translating the financial statements of foreign operations (Note 4)	Total equity
		Number of shares issued	Amount				
A1	Balance as of January 1, 2022	182,993,743	\$ 1,829,937	\$ -	(\$ 323,658)	(\$ 171,238)	\$ 1,335,041
C17	Exercise of disgorgement	-	-	72	-	-	72
N1	Equity-based compensation transactions	-	-	2,067	-	-	2,067
D1	Net profit for 2022	-	-	-	16,348	-	16,348
D3	Other comprehensive gains and losses after tax for 2022	-	-	-	2,291	21,884	24,175
D5	Total comprehensive income for 2022	-	-	-	18,639	21,884	40,523
Z1	Balance as of December 31, 2022	182,993,743	1,829,937	2,139	( 305,019)	( 149,354)	1,377,703
C17	Exercise of disgorgement	-	-	4	-	-	4
E1	Capital increase in cash	30,000,000	300,000	297,799	-	-	597,799
M7	Change in ownership interests in subsidiaries	-	-	-	( 1,518)	-	( 1,518)
D1	Net loss for 2023	-	-	-	( 171,224)	-	( 171,224)
D3	Other comprehensive gains and losses after tax for 2023	-	-	-	( 269)	( 33,030)	( 33,299)
D5	Total comprehensive income for 2023	-	-	-	( 171,493)	( 33,030)	( 204,523)
Z1	Balance as of December 31, 2023	<u>212,993,743</u>	<u>\$ 2,129,937</u>	<u>\$ 299,942</u>	<u>(\$ 478,030)</u>	<u>(\$ 182,384)</u>	<u>\$ 1,769,465</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman of the Board: Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager: Chang, Sheng-Chung



Acme Electronics Corporation  
Parent Company Only Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousands

Code		2023	2022
	Cash flows from operating activities		
A10000	Net profit (loss) before tax for the fiscal year	( \$ 204,129 )	\$ 37,343
A20010	Income and expenses:		
A20100	Depreciation expenses	72,298	48,131
A20200	Amortization expense	711	788
A20300	Provision (reversal of provision) for bad debt expense	-	( 300 )
A20400	Net loss of financial instruments at fair value through profit or loss	-	569
A20900	Finance costs	23,233	16,906
A21200	Interest income	( 2,962 )	( 1,110 )
A21900	Employee stock option compensation cost	-	1,963
A22400	Share of profit or loss of subsidiaries and affiliates accounted for under the equity method	106,052	( 11,965 )
A22500	Loss of disposal and scrapping of property, plant and equipment	3,339	644
A23700	Loss on (gain on reversal of) write-down of inventories	( 19,500 )	28,359
A23900	(Un)realized losses from subsidiaries	88,058	( 96,505 )
A24100	Foreign exchange losses	6,807	3,091
A30000	Change in operating assets and liabilities		
A31130	Notes receivable	( 5 )	( 106 )
A31150	Accounts receivable (including related parties)	( 2,171 )	16,356
A31180	Other receivables (including related parties)	( 3,095 )	6,105
A31200	Inventories	125,088	( 65,043 )
A31240	Other current assets	13,835	( 24,167 )
A32150	Notes and accounts payable (including related parties)	( 51,007 )	( 121,426 )
A32180	Other payables (including related parties)	8,213	( 11,891 )
A32230	Other current liabilities	( 956 )	( 6 )
A32240	Net defined benefit liabilities	( 1,372 )	( 2,473 )
A33000	Cash flows generated from operations	162,437	( 174,737 )
A33100	Interest received	2,948	1,116
A33300	Interest paid	( 22,988 )	( 15,477 )
A33500	Income tax paid	( 2,321 )	( 3,080 )
AAAA	Net cash flows generated from operating activities	<u>140,076</u>	<u>( 192,178 )</u>

(Continued)

(Continued)

Code		2023	2022
	Cash flows from investing activities		
B02200	Cash outflow for capital increase of subsidiaries	( \$ 275,238 )	\$ -
B02700	Acquisition cost of property, plant and equipment	( 315,490 )	( 275,650 )
B02800	Proceeds from disposal of property, plant and equipment	9,378	716
B04500	Purchase of intangible assets	-	( 1,000 )
B03700	Increase in refundable deposits	-	( 50 )
BBBB	Net cash used in investing activities	( 581,350 )	( 275,984 )
	Cash flows from financing activities		
C00100	Decrease in short-term borrowings	( 16,900 )	( 84,000 )
C00600	Decrease in short-term notes payable	( 80,000 )	( 200,000 )
C01600	Proceeds from long-term borrowings	987,000	5,306,000
C01700	Repayments of long-term borrowings	( 1,078,500 )	( 4,577,000 )
C04020	Repayments of the principal portion of lease liabilities	( 491 )	( 485 )
C04600	Capital increase in cash	600,000	-
C09900	Payment of stock issuance costs	( 2,201 )	-
C09900	Exercise of disgorgement	4	72
CCCC	Net cash from financing activities	408,912	444,587
EEEE	Decrease in cash and cash equivalents for the fiscal year	( 32,362 )	( 23,575 )
E00100	Cash and cash equivalents at the beginning of the year	82,497	106,072
E00200	Cash and cash equivalents at the end of the year	\$ 50,135	\$ 82,497

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman of the Board:  
Wu, Yi-Gui

President: Wu, Wen-Hao

Accounting Manager:  
Chang, Sheng-Chung

Acme Electronics Corporation  
Notes to Parent Company Only Financial Statements  
For the Years Ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company History

Acme Electronics Corporation (hereinafter referred to as the “Company”) was mainly invested and established by USI Corporation (“USI”) on September 5, 1991, and started production and sales and other major business activities on December 1, 1994.

The Company’s products are inductive passive components. The main business activities are ferrite cores and ferrite powder applied in communication, information, consumer and automotive electronic products.

The Company’s stock has been listed for trading on the Taipei Exchange (TPEX) since February 17, 2005.

The Parent Company Only Financial Statements are presented in the New Taiwan dollar, the Company’s functional currency.

II. Date and Procedure for the Approval of Financial Statements

The accompanying parent company only financial statements were reported to and issued by the Company’s board of directors on March 5, 2024.

III. Application of New, Amended and Revised Standards and Interpretations

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

In the evaluation, the Company’s application of the latest IFRS Accounting Standards endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Company.

(II) IFRS Accounting Standards endorsed by the FSC that are applicable in 2024

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with contractual provisions”	January 1, 2024
IAS 7 and amendments to IFRS 7 “Supplier Finance Arrangement”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The seller and the lessee shall retroactively apply the amendments to IFRS 16 to sale and leaseback transactions concluded after the initial application of IFRS 16.

Note 3: When applying this amendment for the first time, certain disclosure requirements are exempted.

As of the date the accompanying financial statements were approved of issue, the Group assessed that the amendments to the above standards and interpretations applied by the Company would not have a significant impact on the Company’s accompanying financial position and financial performance.

(III) IFRS Accounting Standards that have been issued by IASB but not yet endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	Yet to be decided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable for annual reporting periods beginning on or after January 1, 2025. The initial application of this amendment will affect the amounts recognized in retained earnings as of the initial application date. When the Company uses a non-functional currency as the reporting currency, the adjustment will affect the revaluation of exchange differences of foreign operations under equity on the initial application date.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### IV. Summary of Significant Accounting Policies

(I) Statement of compliance

These accompanying parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the Fair value of plan assets.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on measurement day.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

3. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing parent company only financial statements, the Company adopts the equity method for investments in subsidiaries and associates. In order to align profit or loss, other comprehensive income, and equity from the current year in the Parent Company Only Financial Statements with those attributable to the Company's owners, the differences in accounting treatment with individual and consolidated basis have led to adjustments in "investments accounted for using the equity method", "share of profit or loss of subsidiaries, associates, accounted for using the equity method" and related equity items.

(III) Criteria classifying current/non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to realize in 12 months after the balance sheet date; and
3. Cash and cash equivalents (but excluded those restricted from being exchanged or used for debt repayment after more than 12 months of the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
3. Liabilities for which the Company is not able to defer the repayment deadline to more than 12 months after the balance sheet date unconditionally.

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

(IV) Foreign Currency

In the preparation of financial statements, transactions denominated in a currency other than the Company's functional currency (i.e., foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the current period.

Non-monetary items denominated in foreign currencies measured at fair value are converted using the exchange rate on the date when the fair value is determined. The exchange difference is recognized as the current profit and loss. However, if the change of fair value is recognized as other comprehensive income, the exchange difference generated is recognized as other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not re-translated.

In the preparation of the parent company only financial statements, the assets and liabilities of foreign operations are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates of each quarter. The resulting currency translation differences are recognized in other comprehensive income.

(V) Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and Inventory is measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for similar stock in hand, it is based on individual items. Net realizable value is the balance that the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventory costs are calculated by weighted average method.

(VI) Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiaries. In addition, changes in the Company's interests of subsidiaries are recognized according to the ownership proportion.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. As for any differences between the carrying amount of the investment and the fair value of the consideration paid or received, the Company recognizes them directly as equity.

When the acquisition cost exceeds the net fair value of the Company's identifiable assets and liabilities of the subsidiary on the acquisition date, the exceeding amount is classified as goodwill, which is included in the carrying value of the investment and is not amortized; when the net fair value of the Company's net fair value of the subsidiary exceeds the acquisition cost, the exceeding amount is classified as current income.

The unrealized profit or loss in downstream transactions between the Company and the subsidiary shall be eliminated in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the accompanying parent company only financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.



(VII) Investment in associates

An associate is an entity over which the Company has significant influence other than a subsidiary.

The Company accounts for investments in associates using the equity method.

Under the equity method, investments in associates are initially treated at cost and adjusted thereafter for the post-acquisition change in the Company's interest in profit or loss, share in other comprehensive income, and profits of associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

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

In assessing impairment, the entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. The recognized impairment loss is not apportioned to any asset forming part of the investment's carrying amount. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

Profits and losses in upstream, downstream and side-stream transactions between the Company and associates are recognized in the parent company only financial statements only when the profits and losses are irrelevant to the Company's interests in the associates.

(VIII) Property, plant and equipment

Property, plant and equipment are stated at cost, subsequently are measured at the amount of cost less accumulated depreciation and accumulated impairment loss.

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

Except for self-owned land which is not subject to allowance for depreciation, depreciation of property, plant and equipment are recognized using the straight-line basis during useful life. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

(IX) Intangible assets

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

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

(X) Impairment of property, plant and equipment, right-of-use asset, and intangible assets

On each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation) that would have been determined to have no impairment loss recognized on the asset or cash-generating unit in prior years. The reversal of impairment losses is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the accompanying parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially measured, in case financial assets and financial liabilities are not measured at FVTPL, they are measured with the fair value added to transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

## 1. Financial assets

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

### (1) Measurement categories

Financial assets held by the Company are classified as financial assets at fair value through profit or loss and financial assets at amortized cost.

#### A. Financial assets at FVTPL

Financial assets measured at fair value through profit and loss are financial assets that are forced to be measured at fair value through profit and loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value; any re-measurement profit or loss (including any dividends or interests derived from such financial assets) is recognized in other profit or loss. Please refer to Note 21 for the methods for determining fair values.

#### B. Financial assets measured at amortized cost

The Company's financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, financial assets at amortized cost, other receivables, and refundable deposits) are measured at amortized

cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables) on each balance sheet date.

The Group always recognizes lifetime expected credit losses for amount receivables as losses allowance. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

The impairment loss of all financial assets is reduced based on the allowance account.

(3) Derecognition of financial assets

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

On de-recognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2. Financial liabilities

(1) Follow-up measurement

All financial liabilities are measured at amortized cost using the effective interest method, except:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading.

Financial liabilities held for trading are measured pursuant to fair price wherein their profits or losses generated from re-measurements is recognized as other benefits and losses.

Please refer to Note 21 for the methods for determining fair values.

(2) Derecognition of financial liabilities

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

3. Derivatives

The derivatives signed by the Company are mainly forward foreign exchange contracts used to manage the Company's exchange rate risk.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of the derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

(XII) Revenue recognition

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

For contracts where the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year, the significant financial components are not subject to adjustment of the transaction price.

The expected duration of customer contracts of the Company does not exceed one year, and no consideration for customer contracts is not included in the transaction price. Therefore, practical expediency is applied without the need to disclose (1) the aggregate amount of transaction prices allocated to performance obligations that have not been met or partially met until the end of the reporting period, and (2) when it is expected to be recognized as revenue.

Sales revenue of commodities

The sales of goods are recognized as revenue and accounts receivable when the customer obtains control over the promised assets, that is, the time when the goods are delivered to the designated location and the performance obligation is met.

Outsourced processing is not recognized as income as the control of the ownership of the processed products has not been transferred.

(XIII) Leasing

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

Where the Company is a lessee:

Except that the lease payments of the low-value underlying assets and short-term leases applicable to the recognition exemption are recognized as expenses on a straight-line basis during the lease term, other leases are recognized as right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease commencement date minus the lease incentive received, the original direct cost and the estimated cost of the recovery target asset), and subsequently measured at cost minus the accumulated depreciation and the accumulated impairment loss

and adjusted for the remeasurement of the lease liability. A right-of-use asset is separately presented on the parent company only balance sheet.

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the useful life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in an index or a rate used to determine those payments leading to a change in future lease payments, the Company re-measures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the accompanying parent company only balance sheets.

Variable rent that does not depend on index or a rate changes in lease agreement is recognized as expense in the periods in which they are incurred.

(XIV) Government subsidy

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government subsidies related to income are recognized in profit and loss on a systematic basis during the period when the relevant costs that they intend to compensate are recognized as expenses by the Company.

(XV) Employee benefits

1. Short-term employee benefits

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



## 2. Post-retirement benefits

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

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

Net defined benefit liabilities (assets) are the deficit (surplus) of the contribution made according to the defined benefit pension plan. Net defined benefit assets may not exceed the present value of refundable contributions from the plan or reductions in future contributions.

## (XVI) Employee stock options

### 1. Employee stock option for employees

Employee subscription right is recognized as expenses on straight basis over the given period pursuant to the fair value of equity tool on the given day and the best quantity forecast as expected, while making adjustments on capital reserve - employee stock options. If it is vested at grant date, the expense is recognized in full at the same date. When the Company deals with capital increase in cash to retain employee subscription, the date on which the employee subscribes for shares is confirmed is the date of grant.

### 2. Equity-settled share-based payment agreement for employees of subsidiaries

The employee stock options settled with the Company's equity instruments granted by the Company to employees of a subsidiary are deemed as capital contributions to the subsidiary, and are measured by the fair value of the equity instruments on the date of grant, recognized as an increase in the carrying amount of investment in the subsidiary within the available period, and the capital reserve - employee stock options are adjusted accordingly. If

it is vested at grant date, the expense is recognized in full at the same date. When the Company deals with capital increase in cash to retain employee subscription of a subsidiary, the date on which the employee of the subsidiary subscribes for shares is confirmed is the date of grant.

(XVII) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

1. Current income tax

The undistributed surplus calculated in accordance with the *Income Tax Act* is subject to an annual income tax recognized according to the resolution of the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income on the parent company only financial statements.

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when it is probable that taxable income will be available for the use of income tax credits arising from deductible temporary differences, loss deductions or research and development expenditures.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable

that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each balance sheet date and recognized to the extent that it has become probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate in the current period in which the liabilities are expected to be satisfied or the assets are expected to be realized. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the balance sheet, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in profit or loss, but current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the Company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors. Actual results may differ from these estimates.

The management will continuously review the estimates and basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Inventory Evaluation

As a result that inventory requires pricing at lower one between cost and net realized value; hence, the Company has to judge and estimate the net realization of inventory at the end of financial statements. Due to rapid technological changes, the Company evaluates the amount of inventory at the end of the financial reporting period due to normal wear and tear, obsolescence, or lack of market sales value, and offsets the cost of inventory to its net realizable value. Such inventory evaluation is mainly based on the

demand for products during each period and past experience, so there may be significant changes.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Petty cash and cash on hand	\$ 125	\$ 209
Checks and demand deposits in banks	25,753	15,527
Cash equivalents		
Time deposits	<u>24,257</u>	<u>66,761</u>
	<u>\$ 50,135</u>	<u>\$ 82,497</u>

At the end of the balance sheet date, the ranges of the market interest rates for bank deposits were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand deposits	0.00007% ~ 4.40%	0.001% ~ 3.30%
Time deposits	5.15% ~ 5.33%	1.25% ~ 4.43%

VII. Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Pledge and mortgage</u>		
Time deposits with original maturity over 3 months	<u>\$ 5,800</u>	<u>\$ 5,800</u>

At the end of the balance sheet date, the ranges of the market rates for the aforesaid assets were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturity over 3 months	1.45%	0.790%

Please refer to Note 23 for the information related to financial assets at amortized cost pledged as security of the Company.

VIII. Notes and accounts receivable - non-related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Gross carrying amount	<u>\$ 392</u>	<u>\$ 389</u>
 Accounts receivable		
Measured at amortized cost		
Gross carrying amount	\$ 242,987	\$ 215,934
Less: allowance for loss	( <u>2,403</u> )	( <u>2,403</u> )
	<u>\$ 240,584</u>	<u>\$ 213,531</u>

The credit period for the sale of goods by the Company was approximately 30 to 150 days, and interest was not charged due to the short credit period.

In order to control credit risk, the Company assesses the credit quality of individual customers and determines the credit limit through the internal credit rating system, and regularly inspects individual customers' historical transaction records and financial status every year. In addition, the Company reviews the recoverable amount of accounts receivable one by one on each balance sheet date to ensure that the accounts receivable that may incur credit risk have been provided with appropriate impairment losses.

The Company recognizes the loss allowance of accounts receivable based on expected credit losses during the reporting period. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions, adjusted for general economic conditions of the industry and an assessment of economic conditions at the reporting date. Due to the fact that the historical experience of the Company in evaluating credit losses shows no significant differences in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups, and only calculates the expected credit loss rate based on the number of overdue days of accounts receivable.

The Company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivables and accounts receivable based on the Company's allowance matrix.

December 31, 2023

	Not past due	Up to 60 Days	Total
Expected credit loss rate	0.91%	2.28%	
Gross carrying amount	\$ 230,328	\$ 13,051	\$ 243,379
Loss allowance (Lifetime ECLs)	( <u>2,105</u> )	( <u>298</u> )	( <u>2,403</u> )
Amortized cost	<u>\$ 228,223</u>	<u>\$ 12,753</u>	<u>\$ 240,976</u>

December 31, 2022

	Not past due	Up to 60 Days	Total
Expected credit loss rate	1.05%	3.08%	
Gross carrying amount	\$ 209,888	\$ 6,435	\$ 216,323
Loss allowance (Lifetime ECLs)	( <u>2,205</u> )	( <u>198</u> )	( <u>2,403</u> )
Amortized cost	<u>\$ 207,683</u>	<u>\$ 6,237</u>	<u>\$ 213,920</u>

Changes in the allowance for impairment loss recognized on notes and accounts receivable were as follows:

	2023	2022
Beginning balance	\$ 2,403	\$ 2,703
Less: Reversal for impairment losses in the current year	<u>-</u>	( <u>300</u> )
Ending balance	<u>\$ 2,403</u>	<u>\$ 2,403</u>

IX. Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 103,280	\$ 139,632
Work in progress	80,765	93,072
Raw materials and Supplies	<u>68,491</u>	<u>125,420</u>
	<u>\$ 252,536</u>	<u>\$ 358,124</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT\$956,419 thousand and NT\$1,278,685 thousand, respectively.

The cost of goods sold for the years ended December 31, 2023 and 2022 included a recovery benefit of NT\$19,500 thousand and an impairment loss on net realizable value of inventories of NT\$28,359 thousand in net realized value of inventory.

X. Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries	\$ 1,801,482	\$ 1,758,616
Investment in associates	<u>18,196</u>	<u>22,739</u>
	<u>\$ 1,819,678</u>	<u>\$ 1,781,355</u>

(I) Investment in subsidiaries

Company Name	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	Amount	Shareholding (%)	Amount	Shareholding (%)
ACME Electronics (Cayman) Corp. ( ACME (Cayman) )	\$ 843,264	60.10%	\$ 684,239	51.27%
Golden Amber Enterprises Limited ( GAEL )	<u>958,218</u>	100%	<u>1,074,377</u>	100%
	<u>\$ 1,801,482</u>		<u>\$ 1,758,616</u>	

In addition, in April 2023, ACME (Cayman) made a capital increase of US\$9,000 thousand in cash, all of which was subscribed by the Company, resulting in an increase in the shareholding ratio to 60.10%. As the above transaction did not change the control of the Company over its subsidiaries, which the Company treated as an equity transaction and adjusted to increase the accumulated deficits to be offset by NT\$1,518 thousand.

In August 2001, the Company was approved by the Investment Commission, MOEA (“MOEAIC”) to invest in mainland China, and ACME (Cayman) was established for the reinvestment in ACME Electronics (Kunshan) Co., Ltd. (“ACME Electronics (KS)”). As of the end of 2023, the Company has reinvested NT\$880,420 thousand in ACME (Cayman), of which NT\$374,188 thousand (USD11,144 thousand) has been used to reinvest in ACME Electronics (KS). Please refer to Note 26 and Table 6 for relevant information on reinvestment in mainland China.

The Company acquired 100% equity in ACME Components (Malaysia) Sdn. Bhd. (“ACME (MA)”) through ACME (Cayman) in December 2009. The merger was conducted in cash and through the issuance of new shares. The required funds were met by the Company’s cash capital increase in ACME (Cayman). As of the end of

2023, the Company's cumulative investment in ACME (MA) through ACME (Cayman) was NT\$195,579 thousand (USD 6,089 thousand).

In September 2004, the Company was approved by MOEAIC to gradually reinvest in ACME Electronics (Guangzhou) Co., Ltd. ("ACME Electronics (GZ)") through GAEL. As of the end of 2023, the cumulative investment amount in GAEL was NT\$669,072 thousand, of which NT\$619,676 thousand (USD 19,200 thousand) had been used to reinvest in ACME Electronics (GZ). Please refer to Note 26 and Table 6 for relevant reinvestment information in mainland China.

(II) Investment in associates

Company Name	December 31, 2023		December 31, 2022	
	Amount	Shareholding (%)	Amount	Shareholding (%)
USI Optronics Corporation ("USIO")	<u>\$ 18,196</u>	<u>34%</u>	<u>\$ 22,739</u>	<u>34%</u>

Please refer to Table 5 for relevant information on associates of the Company on the balance sheet date.

The following summary financial information has been prepared based on the financial statements of USIO and has reflected the adjustments made when adopting the equity method.

USIO

	December 31, 2023	December 31, 2022
Current assets	\$ 34,113	\$ 44,647
Non-current assets	24,062	27,905
Current liabilities	( <u>4,652</u> )	( <u>5,667</u> )
Equity	53,523	66,885
The Company's shareholding ratio	<u>34%</u>	<u>34%</u>
Equity attributable to the Company	<u>\$ 18,196</u>	<u>\$ 22,739</u>
Carrying amount of investment	<u>\$ 18,196</u>	<u>\$ 22,739</u>
	2023	2022
Operating revenue	<u>\$ 5,641</u>	<u>\$ 10,946</u>
Net loss for the year	( <u>\$ 13,362</u> )	( <u>\$ 27,848</u> )
Total comprehensive income	( <u>\$ 13,362</u> )	( <u>\$ 27,848</u> )



XI. Property, plant and equipment

	2023				
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Ending balance
<u>Cost</u>					
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	9,330	-	( 1,333)	-	7,997
Building and equipment	344,234	-	( 5,289)	29,622	368,567
Machinery and equipment	543,703	-	( 50,387)	260,584	753,900
Transportation and Communication Equipment	607	-	-	-	607
Other equipment	<u>50,655</u>	<u>-</u>	<u>( 2,537)</u>	<u>2,605</u>	<u>50,723</u>
Total cost	<u>1,031,186</u>	<u>\$ -</u>	<u>( \$ 59,546)</u>	<u>\$ 292,811</u>	<u>1,264,451</u>
<u>Accumulated depreciation and impairment</u>					
Land improvement	8,699	\$ 168	(\$ 1,333)	\$ -	7,534
Building and equipment	218,015	14,773	( 3,025)	-	229,763
Machinery and equipment	276,748	54,844	( 39,934)	-	291,658
Transportation and Communication Equipment	531	51	-	-	582
Other equipment	<u>43,990</u>	<u>1,974</u>	<u>( 2,537)</u>	<u>-</u>	<u>43,427</u>
Total accumulated depreciation and impairment	<u>547,983</u>	<u>\$ 71,810</u>	<u>( \$ 46,829)</u>	<u>\$ -</u>	<u>572,964</u>
Net	<u>\$ 483,203</u>				<u>\$ 691,487</u>

	2022				
	Beginning balance	Increase during the year	Decrease during the year	Internal transfer	Ending balance
<u>Cost</u>					
Land	\$ 82,657	\$ -	\$ -	\$ -	\$ 82,657
Land improvement	9,330	-	-	-	9,330
Building and equipment	281,623	-	( 16,159)	78,770	344,234
Machinery and equipment	428,214	-	( 46,577)	162,066	543,703
Transportation and Communication Equipment	607	-	-	-	607
Other equipment	<u>48,768</u>	<u>-</u>	<u>( 2,910)</u>	<u>4,797</u>	<u>50,655</u>
Total cost	<u>851,199</u>	<u>\$ -</u>	<u>( \$ 65,646)</u>	<u>\$ 245,633</u>	<u>1,031,186</u>
<u>Accumulated depreciation and impairment</u>					
Land improvement	8,531	\$ 168	\$ -	\$ -	8,699
Building and equipment	222,354	10,766	( 15,105)	-	218,015
Machinery and equipment	288,030	35,011	( 46,293)	-	276,748
Transportation and Communication Equipment	455	76	-	-	531
Other equipment	<u>45,256</u>	<u>1,622</u>	<u>( 2,888)</u>	<u>-</u>	<u>43,990</u>
Total accumulated depreciation and impairment	<u>564,626</u>	<u>\$ 47,643</u>	<u>( \$ 64,286)</u>	<u>\$ -</u>	<u>547,983</u>
Net	<u>\$ 286,573</u>				<u>\$ 483,203</u>

There were no impairment losses on assessed property, plant and equipment for the years ended December 31, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvement	8 to 20 years
Building and equipment	
Office building, labs and improvements	20 to 50 years
Others	3 to 15 years
Machinery and equipment	3 to 15 years
Transportation and Communication Equipment	5 years
Other equipment	3-25 years

Please refer to Note 23 for the amount of property, plant and equipment pledged as collateral for loans.

## XII. Lease Arrangements

### (I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Buildings	\$ -	\$ 104
Transportation equipment	<u>607</u>	<u>991</u>
	<u>\$ 607</u>	<u>\$ 1,095</u>
	<u>2023</u>	<u>2022</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 104	\$ 104
Transportation equipment	<u>384</u>	<u>384</u>
	<u>\$ 488</u>	<u>\$ 488</u>

### (II) Lease liabilities

As of December 31, 2023 and 2022, the discount rates of lease liabilities were 1.25%.

### (III) Material lease-in activities and terms

The Company has leased several buildings and transportation equipment for manufacturing and operational purposes, with a lease term of 3-5 years.

(IV) Other lease information

	2023	2022
Expenses relating to short-term leases	<u>\$ 4,011</u>	<u>\$ 3,502</u>
Total cash flows on lease	<u>\$ 4,513</u>	<u>\$ 4,004</u>

The Company elects to apply the exemption of recognition to the office and other leases eligible for short-term leases and does not recognize the relevant right to use assets and lease liabilities under such leases. The estimated payouts within one year for short-term lease commitments subject to recognition exemption were NT\$1,875 thousand and NT\$1,738 thousand respectively as at December 31, 2023 and 2022.

XIII. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	<u>\$ 199,100</u>	<u>\$ 216,000</u>

The interest rates of short-term loan were 1.68%-1.70378% and 1.61078%-1.89% respectively as at December 31, 2023 and 2022.

(II) Short-term bills payable (December 31, 2023: None)

	December 31, 2022
Commercial note payable	\$ 80,000
Less: Discount on commercial note payable	( <u>49</u> )
	<u>\$ 79,951</u>

The outstanding short-term bills payable as of the balance sheet dates were as follows:

December 31, 2022

Guarantor / acceptor	Face Amount	Discount Amount	Carrying Amount	Annual discount rate
<u>Commercial note payable</u>				
Mega Bills Finance Co., Ltd.	<u>\$ 80,000</u>	<u>\$ 49</u>	<u>\$ 79,951</u>	1.848%

(III) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	\$ 1,179,000	\$ 1,369,000
Unsecured bank loans	<u>98,500</u>	<u>-</u>
	<u>\$ 1,277,500</u>	<u>\$ 1,369,000</u>
Maturity year	114~117	114~116
Range of interest rates	0.995% ~ 1.7%	1.45% ~ 1.85%

Please refer to Note 23 for details of collateralized assets for secured loans.

XIV. Post-retirement benefits plans

(I) Defined contribution plans

The Company adopts a pension plan under the *Labor Pension Act*, which is a state-managed defined contribution plan. According to the *Labor Pension Act*, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

(II) Defined benefit plans

The pension system conducted by the Company of the Company under the "Labor Standards Act" of our country is a defined benefit retirement plan administered by the government. The payment of the employee's pension is based on the length of service and the average salary of six months before the approved retirement date. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The exclusive account is administered by the Bureau of Labor Funds of the Ministry of Labor, and the Company retains no rights that may influence its investment and administration strategies.

The amounts included in the accompanying balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 45,556	\$ 45,779
Fair value of plan assets	( <u>30,438</u> )	( <u>29,626</u> )
Net defined benefit liabilities	<u>\$ 15,118</u>	<u>\$ 16,153</u>

The changes 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 liabilities</u>
Balance as of January 1, 2023	<u>\$ 45,779</u>	( <u>\$ 29,626</u> )	<u>\$ 16,153</u>
Service cost			
Service cost - current period	188	-	188
Interest expenses (income)	<u>686</u>	( <u>450</u> )	<u>236</u>
Amounts recognized in profit or loss	<u>874</u>	( <u>450</u> )	<u>424</u>
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	( 174 )	( 174 )
Actuarial (gain) loss			
- Changes in financial assumptions	1,011	-	1,011
- Experience adjustments	( <u>500</u> )	<u>-</u>	( <u>500</u> )
Recognized in other comprehensive income	<u>511</u>	( <u>174</u> )	<u>337</u>
Contributions from employer	\$ -	( \$ 926 )	( \$ 926 )
Benefits paid	( <u>1,608</u> )	<u>738</u>	( <u>870</u> )
Balance as of December 31, 2023	<u>\$ 45,556</u>	( <u>\$ 30,438</u> )	<u>\$ 15,118</u>

(Continued)

(Continued)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2022	<u>\$ 47,498</u>	<u>( \$ 26,008 )</u>	<u>\$ 21,490</u>
Service cost			
Service cost - current period	241	-	241
Interest expenses (income)	<u>237</u>	<u>( 132 )</u>	<u>105</u>
Amounts recognized in profit or loss	<u>478</u>	<u>( 132 )</u>	<u>346</u>
Re-measurement on the net defined benefit liability			
Return on plan assets (excluding amounts included in net interest)	-	( 2,056 )	( 2,056 )
Actuarial (gain) loss			
- Changes in financial assumptions	( 1,264 )	-	( 1,264 )
- Experience adjustments	<u>456</u>	<u>-</u>	<u>456</u>
Recognized in other comprehensive income	<u>( 808 )</u>	<u>( 2,056 )</u>	<u>( 2,864 )</u>
Contributions from employer	-	( 2,819 )	( 2,819 )
Benefits paid	<u>( 1,389 )</u>	<u>1,389</u>	<u>-</u>
Balance as of December 31, 2022	<u>\$ 45,779</u>	<u>( \$ 29,626 )</u>	<u>\$ 16,153</u>

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk: Through its own use and entrusting operation, Bureau of Labor Funds, MOL invested labor pension funds in domestic (foreign) equity and debt securities and bank deposits. But the allocated amounts of the Company’s plan assets shall not be lower than the gain calculated by the average interest rate on a two-year time deposit.

2. Interest rate risk: The decline in government bond interest rate will increase the present value of the obligation on the defined benefit plan, while the return on plan assets will increase. The net effect on the present value of the obligation on defined benefit plan is partially offset by the return on plan assets.
3. Salary risk: Present value of defined benefit obligations is calculated from future salary of member participants; Hence, the increase in plan participants' salary will increase the present value of the defined benefit obligation.

The present value of the defined benefit obligation of the Company was calculated by the independent actuary. The principal assumptions on the measurement date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.250%	1.500%
Expected rates of salary increase	3.000%	3.000%

If reasonably possible changes of the respective significant actuarial assumptions occur, while holding all other assumptions constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	<u>(\$ 1,011)</u>	<u>(\$ 1,114)</u>
0.25% decrease	<u>\$ 1,043</u>	<u>\$ 1,153</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 1,007</u>	<u>\$ 1,116</u>
0.25% decrease	<u>(\$ 981)</u>	<u>(\$ 1,084)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.



	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected amount of contribution within 1 year	<u>\$ 800</u>	<u>\$ 820</u>
Average duration of defined benefit obligations	9.0years	10.8years

XV. Government subsidy

The Company applied for the Industrial Upgrade Platform Innovation Guidance Program subsidy from the Taiwanese government. For the years ended December 31, 2023 and 2022, expenses related to the subsidy were recognized as deductions from operating expenses, amounting to NT\$9,000 thousand and NT\$11,000 thousand, respectively.

XVI. Equity

(I) Ordinary share capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>
Share capital authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>212,994</u>	<u>182,994</u>
Share capital issued	<u>\$ 2,129,937</u>	<u>\$ 1,829,937</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

The share capital reserved for the issuance of the exercise of employee share options was 11,000 thousand shares.

On June 14, 2022, the Board of Directors resolved a capital increase in cash to issue 30,000 thousand of new shares with a par value of NT\$10 per share. The above cash capital increase plan was declared effective by the FSC on July 22, 2022, of which 15% was reserved for subscription by qualified employees of the Company and affiliates. The related issuance price was NT\$20 per share, and the record date of the capital increase was January 16, 2023, and the cost of issuing new shares was NT\$2,201 thousand as a reduction of capital surplus.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Used to offset deficits, pay cash</u> <u>dividends or capitalize</u> <u>capital (1)</u>		
Stock issuance premium	\$ 299,866	\$ 2,067
<u>May only be used to offset</u> <u>deficits</u>	<u>76</u>	<u>72</u>
Disgorgement	<u>\$ 299,942</u>	<u>\$ 2,139</u>

- (1) Such capital surplus may be used to offset deficits or, if the Company has no deficit, to pay cash dividends or to capitalize capital.

(III) Retained earnings and dividends policy

According to the earnings distribution provisions of the Company's articles of Incorporation, if the Company retains earnings in the current year, it shall allocate the compensation to directors and employees. The compensation to directors shall be no more than 1% of the earnings gained in the current year, while the compensation to employees shall be no less than 1% of the earnings. Notwithstanding, if the Company retains accumulated losses, it shall reserve the amount to be covered in advance. Said compensation to employees may be allocated in the form of shares or in cash, including the employees of the Company's subsidiaries meeting certain specific requirements entitled to receive shares or cash. The specific requirements shall be defined by the Board of Directors. If the Company has net profits after tax according to its annual financial account, the Company may, after making up all past losses, set aside a 10% legal reserve from the remainder, if any. The remaining allocable earnings, if any, plus the accumulated unappropriated earnings for prior years and the balance after provision or reversal of special earnings required by the competent authority, shall be accumulated allocable earnings, which shall be allocated according to the proposal drafted by the Board of Directors and resolution made by a general shareholders' meeting duly. The shareholders' meeting may retain the earnings, in whole or in part, subject to the overview of business.

As the industry which the Company is engaged in refers to a growing phase, when resolving to allocate earnings, in consideration of the future funding needs and

financial plan, the shareholders' dividend allocable shall be no less than 10% of the allocable earnings, including the cash dividend no less than 10% of the whole dividends. Notwithstanding, no dividend shall be allocated, if the allocable earnings per share is less than NT\$0.1. Please refer to Note 17 (3) Remunerations of Employees and Directors for the estimated basis and actual distribution of employee and director remuneration.

The appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held regular shareholders' meetings on May 26, 2023 and May 30, 2022, respectively, and decided not to distribute surplus for the years ended December 31, 2022 and 2021 due to the need to make up for losses.

The Company still needs to make up for losses as of December 31, 2023. Therefore, the board meeting on March 5, 2024 proposed not to make any surplus distribution after making up the loss with the capital reserve of NT\$299,942 thousand, and it is pending a resolution at the annual shareholders' meeting for the year 2024.

XVII. Net profit (loss) for the year

(I) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 71,810	\$ 47,643
Right-of-use assets	488	488
Intangible assets	<u>711</u>	<u>788</u>
Total	<u>\$ 73,009</u>	<u>\$ 48,919</u>
Summary of depreciation by function		
Operating costs	\$ 50,905	\$ 35,541
Operating expenses	<u>21,393</u>	<u>12,590</u>
	<u>\$ 72,298</u>	<u>\$ 48,131</u>
Summary of amortization by function		
Administrative expenses	<u>\$ 711</u>	<u>\$ 788</u>

(II) Employee benefit expenses

	2023	2022
Post-retirement benefits (Note 14)		
Defined contribution plans	\$ 8,308	\$ 7,867
Defined benefit plans	<u>424</u>	<u>346</u>
	8,732	8,213
Salary, Bonus, etc.	<u>221,483</u>	<u>209,326</u>
Total	<u>\$ 230,215</u>	<u>\$ 217,539</u>
Summary of employee benefit expenses by function		
Operating costs	\$ 102,781	\$ 92,453
Operating expenses	<u>127,434</u>	<u>125,086</u>
	<u>\$ 230,215</u>	<u>\$ 217,539</u>

(III) Employees' compensation and remuneration of directors

The Company accrued remuneration of employees and directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Company has yet to make up the loss as of the end of 2023 and 2022, so the remunerations of employees and directors are not estimated and recognized.

If there is a change in the amounts after the annual accompanying parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and recognized in the next year.

Information on the remunerations of employees and directors for the years ended December 31, 2023 and 2022 proposed by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(IV) Other income

	2023	2022
Royalty revenue (Note 22)	\$ 21,769	\$ 27,697
Income from management services (Note 22)	9,849	6,767
Rental income	208	184
Others	<u>4,700</u>	<u>5,750</u>
	<u>\$ 36,526</u>	<u>\$ 40,398</u>

(V) Foreign exchange gain (loss)

	2023	2022
Foreign exchange gains	\$ 42,464	\$ 72,553
Foreign exchange losses	( 40,934)	( 34,057)
Net profit	<u>\$ 1,530</u>	<u>\$ 38,496</u>

(VI) Other gain and loss

	2023	2022
Loss on disposal of property, plant and equipment	(\$ 3,339)	(\$ 644)
Loss on financial commodities at fair value through profit or loss	-	( 3,111)
Others	( 54)	( 222)
	<u>(\$ 3,393)</u>	<u>(\$ 3,977)</u>

(VII) Finance costs

	2023	2022
Interest on bank loans	\$ 23,222	\$ 16,889
Interest on lease liabilities	<u>11</u>	<u>17</u>
	<u>\$ 23,233</u>	<u>\$ 16,906</u>

XVIII. Income tax

- (I) The main components of income tax (benefit) expense recognized as profit or loss are as follows

	2023	2022
Current income tax		
In respect of the current year	\$ 2,177	\$ 2,770
Adjustments for previous years	( 2)	<u>400</u>
	<u>2,175</u>	<u>3,170</u>
Deferred income tax		
In respect of the current year	( 35,080)	<u>17,825</u>
Income tax (benefit) expense recognized in profit or loss	<u>(\$ 32,905)</u>	<u>\$ 20,995</u>

Reconciliation of accounting income and income tax (benefit) expense to applicable tax rates is as follows:

	2023	2022
Net profit (loss) before tax	<u>( \$ 204,129 )</u>	<u>\$ 37,343</u>
Income tax expenses of net income before tax calculated at the legal tax rate	( \$ 40,826 )	\$ 7,469
Items subject to adjustment in determining taxable income	468	1,893
Unrecognized deductible temporary differences and loss deductions	5,278	8,463
Current income tax expense from previous years adjusted in the year	( 2 )	400
Withholding tax on income from royalties	<u>2,177</u>	<u>2,770</u>
Income tax (benefit) expense recognized in profit or loss	<u>( \$ 32,905 )</u>	<u>\$ 20,995</u>
(II) Income tax recognized in other comprehensive income		
	2023	2022
<u>Deferred income tax</u>		
Income tax (benefits) expenses recognized in other comprehensive income		
– Translating the financial statements of foreign operations	( \$ 8,257 )	\$ 5,471
– Actuarial gain or loss of defined benefits	( <u>68</u> )	<u>573</u>
	<u>( \$ 8,325 )</u>	<u>\$ 6,044</u>
(III) Current income tax assets		
	December 31, 2023	December 31, 2022
Current income tax assets		
Tax refund receivable	<u>\$ 317</u>	<u>\$ 171</u>

## (IV) Deferred income tax assets and liabilities

2023

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax assets</u>				
Temporary difference				
Allowance for reduction of inventory to market	\$ 10,444	( \$ 3,900 )	\$ -	\$ 6,544
Payable for annual leave	1,624	84	-	1,708
Defined benefit retirement plan	6,980	-	68	7,048
Exchange differences of foreign operations	<u>10,170</u>	<u>-</u>	<u>8,257</u>	<u>18,427</u>
	29,218	( 3,816 )	8,325	33,727
Deduction for losses	<u>25,960</u>	( <u>1,083</u> )	<u>-</u>	<u>24,877</u>
	<u>\$ 55,178</u>	( <u>\$ 4,899</u> )	<u>\$ 8,325</u>	<u>\$ 58,604</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Investments accounted for using the equity method	\$ 88,140	( \$ 21,385 )	\$ -	\$ 66,755
Unrealized loss on sales	18,986	( 17,612 )	-	1,374
Others	<u>7,609</u>	( <u>982</u> )	<u>-</u>	<u>6,627</u>
	<u>\$ 114,735</u>	( <u>\$ 39,979</u> )	<u>\$ -</u>	<u>\$ 74,756</u>

2022

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax assets</u>				
Temporary difference				
Allowance for reduction of inventory to market	\$ 4,974	\$ 5,470	\$ -	\$ 10,444
Payable for annual leave	1,533	91	-	1,624
Defined benefit retirement plan	7,553	-	( 573 )	6,980
Unrealized gain on sales	315	( 315 )	-	-
Exchange differences of foreign operations	<u>15,641</u>	<u>-</u>	( <u>5,471</u> )	<u>10,170</u>
	30,016	5,246	( 6,044 )	29,218
Deduction for losses	<u>25,960</u>	<u>-</u>	<u>-</u>	<u>25,960</u>
	<u>\$ 55,976</u>	<u>\$ 5,246</u>	( <u>\$ 6,044</u> )	<u>\$ 55,178</u>

(Continued)

(Continued)

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax liabilities</u>				
Temporary difference				
Investments accounted for using the equity method	\$ 83,854	\$ 4,286	\$ -	\$ 88,140
Unrealized loss on sales	-	18,986	-	18,986
Others	<u>7,810</u>	<u>( 201 )</u>	<u>-</u>	<u>7,609</u>
	<u>\$ 91,664</u>	<u>\$ 23,071</u>	<u>\$ -</u>	<u>\$ 114,735</u>

(V) Amount of unused loss deduction for deferred tax assets not recognized in the balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deduction for losses		
Due in 2024	\$ 26,888	\$ 26,888
Due in 2025	63,480	63,480
Due in 2026	43,473	43,473
Due in 2027	769,135	769,135
Due in 2029	33,260	33,260
Due in 2030	55,004	55,004
Due in 2031	19,466	40,367
Due in 2032	48,744	48,692
Due in 2033	<u>21,432</u>	<u>-</u>
	<u>\$ 1,080,882</u>	<u>\$ 1,080,299</u>



(VI) Unused loss deduction

As at December 31, 2023, the loss deduction information is as follows:

Balance before deduction	Certification status	Last deduction year
\$ 26,888	Certified figure	2024
63,480	Certified figure	2025
43,473	Certified figure	2026
893,520	Certified figure	2027
33,260	Certified figure	2029
\$ 55,004	Certified figure	2030
19,466	Certified figure	2031
48,744	Declared figure	2032
<u>21,432</u>	Estimated figure	2033
<u>\$ 1,205,267</u>		

(VII) Certification of income tax

The Company's income tax returns through 2021 have been assessed by the tax authorities.

XIX. Earnings (losses) per share

	2023	2022
Basic earnings (losses) per share	(\$ <u>0.81</u> )	<u>\$ 0.09</u>
Diluted earnings (losses) per share	(\$ <u>0.81</u> )	<u>\$ 0.09</u>

The net (loss) profit and weighted average number of ordinary shares outstanding in the calculation of (loss) earnings per share were as follows:

Net profit (loss) for the year

	2023	2022
Net (loss) profit for calculating basic and diluted earnings (losses) per share	(\$ <u>171,224</u> )	<u>\$ 16,348</u>

Number of Shares

Unit: Thousands of shares

	2023	2022
Weighted average number of common shares used for calculation of basic and diluted (losses) earnings per share	<u>211,744</u>	<u>182,994</u>

XX. Capital Risk Management

The Company conducts capital management to ensure that it is able to maximize shareholder returns by optimizing debt and equity balances while continuing as a going concern.

Key management personnel of the Company review the capital structure of the Company irregularly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Company may balance its overall capital structure by paying dividends, issuing new shares, buying back shares and taking on new debt or servicing old debt.

XXI. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The financial assets and financial liabilities of the Company are measured at the amortized cost, and the management of the Company believes that the carrying amounts are close to their fair value.

(II) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at amortized cost		
(Note 1)	\$ 410,456	\$ 423,515
<u>Financial liabilities</u>		
Measured at amortized cost		
(Note 2)	1,665,759	1,825,700

Note 1: The balance refers to financial assets measured at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, refundable deposits.

Note 2: The balance refers to financial liabilities measured at amortized cost, including long-term and short-term loans, short-term notes payable, accounts payable, other accounts payable, and deposits.

(III) Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash and equivalent cash, receivables, other receivables and long-term, short-term loans, short-term notes

payable, payables, other payables and lease liabilities, etc. The financial management department of the Company coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risk includes market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.

The Company avoids exposure through derivative financial instruments to mitigate the impact of such risks. The use of derivative financial instruments is regulated by policies passed by the board of directors of the Company. Internal auditors focus on reviewing the observance of the policies and the quota of risk exposures. The Company has not engaged in transactions in financial instruments (including derivative financial instruments) for speculative purposes.

#### 1. Market Risks

The Company's activities expose it primarily to the market risks of changes in foreign exchange rates (see (1) below) and the changes in interest rates (see (2) below).

##### (1) Foreign exchange risk

The Company's sales and purchase transactions are denominated in foreign currency; as a consequence, the Company is exposed to the risk of fluctuation in the exchange rate. The management of the Company's exchange rate exposure is to use foreign exchange forward contracts to manage risks within the scope permitted by the policy.

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 25.

##### Sensitivity analysis

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items on the end date of the financial reporting period. The Company is mostly affected by the fluctuation of the USD exchange rate. If the Company's functional currency appreciates/depreciates by 3% against the U.S. dollar, the Company's pre-tax loss for the year ended December 31, 2023 will increase/decrease by NT\$8,503 thousand, and the pre-tax benefit for the

year ended December 31, 2022 will decrease/increase by NT\$8,876 thousand.

The Company's exchange rate fluctuations are primarily attributable to the Company's USD denominated receivables and payables outstanding at the balance sheet date and not yet hedged.

In the management's opinion, the sensitivity analysis was unrepresentative for the foreign currency risk of interim period because the exposure at the end of the reporting period did not reflect the exposure during the period.

(2) Interest rate risk

The Company was exposed to fair value interest rate risk because the Company held financial assets and financial liabilities at fixed rates; the Company was exposed to cash flow interest rate risk because the Company held financial assets and financial liabilities at floating rates. The Company's management monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Company's rates approach market rates in response to the risk caused by changing market rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates on the balance sheet date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
– Financial assets	\$ 36,057	\$ 78,561
– Financial liabilities	199,720	184,062
Cash flow interest rate risk		
– Financial assets	21,075	11,002
– Financial liabilities	1,277,500	1,482,000

Sensitivity analysis

The fixed-rate financial assets / liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. For floating rate assets / liabilities, the analysis was prepared to assume that

the amount of the assets / liabilities outstanding at the end of the reporting period was outstanding for the whole year. The rate of change used internally in reporting interest rates to the management from the Company is a 0.5% increase or decrease in interest rates, which also represents the management's evaluation of the reasonable range of possible changes in interest rates.

With all other variables held constant, a 0.5% increase/decrease in market interest rates would result in an increase/decrease in pre-tax loss of NT\$6,282 thousand for the year ended December 31, 2023 and a decrease/increase in pre-tax profit of NT\$7,355 thousand for the year ended December 31, 2022.

## 2. Credit risk

Credit risk refers to risk that causes the financial loss of the Company due to a counterparty's delay in performing contractual obligations. As of the balance sheet date, the Company's largest credit risk exposure from a counterparty's failure to fulfill obligations came from the carrying amount of financial assets recognized in the parent company only balance sheets.

The policies adopted by the Company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. The Company uses publicly available financial information and mutual transaction records to rate major customers. The Company continuously monitors credit exposure risks and the credit ratings of counterparties, distributes the total transaction amount to customers with qualified credit ratings, and controls credit exposure risks through non-periodic review and approval of counterparty credit limits.

To mitigate the credit risk, the management of the Company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. In this regard, the management believes the Company's credit risk is significantly reduced.

In addition, the credit risk of working capital and derivative financial instruments is limited because the counterparty is a bank with a high credit rating given by an international credit rating agency.

The Company's credit risk by geographic region was mainly concentrated in mainland China and accounted for approximately 46% and 68% of total notes and accounts receivable as of December 31, 2023 and 2022, respectively.

### 3. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

#### (1) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest dates on which the Company can be required to pay. The table has been drawn up based on the undiscounted cash flows of financial liabilities, including interests and cash flows of principals.

#### December 31, 2023

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	-	\$ 145,110	\$ -
Lease liabilities	1.25	396	231
Floating interest rate liabilities	1.58	20,156	1,318,343
Fixed interest rate liabilities	1.69	<u>199,284</u>	<u>-</u>
		<u>\$ 364,946</u>	<u>\$ 1,318,574</u>

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing liabilities	-	\$ 120,671	\$ -
Lease liabilities	1.25	502	627
Floating interest rate liabilities	1.56	134,414	1,423,133
Fixed interest rate liabilities	1.87	<u>183,116</u>	<u>-</u>
		<u>\$ 438,703</u>	<u>\$ 1,423,760</u>

(2) Financing facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured banking facilities		
– Amount used	\$ 297,600	\$ 665,000
– Amount unused	<u>1,887,400</u>	<u>1,960,000</u>
	<u>\$ 2,185,000</u>	<u>\$ 2,625,000</u>
Secured banking facilities		
– Amount used	\$ 1,179,000	\$ 1,000,000
– Amount unused	<u>381,000</u>	<u>-</u>
	<u>\$ 1,560,000</u>	<u>\$ 1,000,000</u>

## XXII. Related Party Transactions

USI Corporation (“USI”) has control over the operations of the Company, so USI is the parent company of the Company. As at December 31, 2023 and 2022, USI held 46.9% and 44.7% of the ordinary shares of the Company by itself and through its subsidiaries, respectively.

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

### (I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
USI CORPORATION (USI)	Parent company
USI Management Consulting Corporation (“UM”)	Fellow subsidiary
China General Plastics Corporation (“CGPC”)	Fellow subsidiary
Asia Polymer Corporation (“APC”)	Fellow subsidiary
Swanson Plastics Corporation (“SPC”)	Fellow subsidiary
ACME (Cayman)	Subsidiary
GAEL	Subsidiary
ACME Ferrite Product Sdn. Bhd. ( ACME Ferrite )	Subsidiary of ACME (Cayman)
Acme Electronics (Kunshan) Co., Ltd. (“ACME Electronics (KS)”)	Subsidiary of ACME (Cayman)
Acme Electronics (Guangzhou) Co., Ltd. (“ACME Electronics (GZ)”)	Subsidiary of GAEL
USI Optronics Corporation (“USIO”)	Associate

### (II) Sales revenue

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
ACME Electronics (KS)	\$ 173,680	\$ 247,321
Acme Electronics (GZ)	129,989	145,822
ACME Ferrite	13,872	27,371
Associate		
USIO	<u>293</u>	<u>261</u>
	<u>\$ 317,834</u>	<u>\$ 420,775</u>



(III) Purchase and processing fee

Related Party Category/Name	2023	2022
Subsidiary		
Acme Electronics (GZ)	\$ 242,598	\$ 376,718
ACME Electronics (KS)	40,992	38,503
ACME Ferrite	-	9,587
Associate		
USIO	<u>3,231</u>	<u>9,597</u>
	<u>\$ 286,821</u>	<u>\$ 434,405</u>

The terms of purchase and sales transactions between the Company and its subsidiaries are 55 days per month, and those between the Company and its affiliates are 25 days per month. The terms of payment and receipt are not materially different from those of general transactions. The price of the products sold by the Company to its subsidiaries and affiliates may vary depending on the Group's business strategy and the pricing may be different from that of ordinary transactions.

The Company's deferred and unrealized sales of goods to the subsidiary at the end of 2023 and 2022 amounted to a loss of NT\$4,139 thousand and a loss of NT\$92,197 thousand, respectively. Deferred unrealized profit or loss on sales is recognized as adjustment using the equity method.

(IV) Receivables from related parties (excluding loans to related parties)

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts receivable - related parties, net	Subsidiary		
	ACME Electronics (KS)	\$ 47,271	\$ 69,040
	Acme Electronics (GZ)	22,560	11,083
	ACME Ferrite	2,055	3,279

(Continued)

(Continued)

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
	Associate		
	USIO	\$ 77	\$ -
		<u>\$ 71,963</u>	<u>\$ 83,402</u>
Other receivables from related parties	Subsidiary		
	ACME Electronics (KS)	\$ 29,062	\$ 25,265
	Acme Electronics (GZ)	337	52
	ACME Ferrite	110	133
	ACME (CAYMAN)	76	1,115
	Fellow subsidiary		
	SPC	4,019	3,970
	Associate		
	USIO	200	656
		<u>\$ 33,804</u>	<u>\$ 31,191</u>

The other receivables mentioned above mainly include advance, collection of royalties and endorsement guarantee fee.

(V) Payable to related party (excluding loans to related parties)

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts payable - related parties	Subsidiary		
	Acme Electronics (GZ)	\$ 22,476	\$ 54,129
	ACME Electronics (KS)	14,335	9,836
	Associate		
	USIO	-	878
		<u>\$ 36,811</u>	<u>\$ 64,843</u>

(Continued)

(Continued)

Accounting Subject	Related Party Category/Name	December 31, 2023	December 31, 2022
Other payables	Parent company		
	USI	\$ 717	\$ 1,136
	Subsidiary		
	Acme Electronics (GZ)	3,458	67
	ACME Electronics (KS)	912	40
	Fellow subsidiary		
	SPC	514	1,055
	APC	48	48
	UM	45	33
	CGPC	-	2
		<u>\$ 5,694</u>	<u>\$ 2,381</u>

Other amounts payable to related parties mainly include advance money for another, management service fees and rent not yet paid.

(VI) Acquisition of property, plant and equipment

Related Party Category/Name	Acquisition cost	
	2023	2022
Parent company		
USI	\$ -	\$ 310
Associate		
USIO	<u>3,330</u>	<u>-</u>
	<u>\$ 3,330</u>	<u>\$ 310</u>

(VII) Disposal of property, plant and equipment

Related Party Category	Price of disposal		Gains (losses) on disposal	
	2023	2022	2023	2022
ACME Electronics (KS)	<u>\$ 9,836</u>	<u>\$ -</u>	<u>( \$ 913 )</u>	<u>\$ -</u>

(VIII) Guarantee and loan to related parties

Accounting Subject	Related Party Category/Name	2023	2022
Endorsement and guarantee incomes	Subsidiary		
	ACME (CAYMAN)	<u>\$ 1,941</u>	<u>\$ 2,945</u>

(IX) Other Related Party Transactions

Accounting Subject	Related Party Category/Name	2023	2022
1. Management service fee expenditures (Classified as operating expenses)	Parent company		
	USI	\$ 21	\$ -
	Fellow subsidiary		
	UM	14,392	12,883
	SPC	<u>2,639</u>	<u>1,347</u>
		<u>\$ 17,052</u>	<u>\$ 14,230</u>
2. Rent expenditures (Classified as operating expenses)	Parent company		
	USI	\$ 3,194	\$ 3,068
	Fellow subsidiary		
	APC	<u>275</u>	<u>275</u>
		<u>\$ 3,469</u>	<u>\$ 3,343</u>

The Company leases the Neihu office from the parent company on a monthly basis and pays the agreed price on a monthly basis.

Accounting Subject	Related Party Category/Name	2023	2022
3. Other expenditures (Classified as operating expenses)	Fellow subsidiary		
	SPC	\$ -	\$ 763
	Associate		
	USIO	<u>136</u>	<u>-</u>
		<u>\$ 136</u>	<u>\$ 763</u>
4. Other income	Subsidiary		
	ACME Electronics (KS)	\$ 23,401	\$ 28,819
	ACME Ferrite	134	142
	Acme Electronics (GZ)	56	12
	Fellow subsidiary		
	SPC	9,436	6,133
	Associate		
	USIO	<u>465</u>	<u>827</u>
		<u>\$ 33,492</u>	<u>\$ 35,933</u>

The Company provides management services to its subsidiaries, affiliates and sibling companies and receives revenue from these services on a quarterly basis.

The Company has entered into a new technology licensing contract with its subsidiaries, which grants the subsidiaries the right to use the trademark and provides a 1% royalty based on the subsidiary's net operating income. It also assists the subsidiaries in developing new products and provide a 5% compensation based on the net sales income of the new products. The total of the first two items in 2021 is limited to 2% of the net operating income. From the year 2022 onwards, the fees incurred in providing new product development services of the Company is charged plus 5%, but the first three items in total are limited to 3% of the net main operating revenue.

(X) Compensation of key management personnel

	2023	2022
Short-term employee benefits	\$ 15,392	\$ 15,051
Post-retirement benefits	206	193
	<u>\$ 15,598</u>	<u>\$ 15,244</u>

The compensation of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXIII. Collateralized Assets

The following assets of the Company are provided as collateral for bank loans, customs security for imported raw materials or as security for natural gas consumption:

	December 31, 2023	December 31, 2022
Time deposit (classified as refundable deposits)	\$ 6,000	\$ 6,000
Time deposits (classified as financial assets measured at amortized cost)	5,800	5,800
Property, Plant, and Equipment (Carrying Amount)	<u>221,924</u>	<u>209,507</u>
	<u>\$ 233,724</u>	<u>\$ 221,307</u>

XXIV. Significant Contingent Liability and Unrecognized Contractual Commitments

In addition, as of December 31, 2023, in order to apply to the Taiwan government for the subsidy of industrial upgrading platform innovation guidance program, the Company's performance guarantee provided by the bank was NT\$9,000 thousand.

XXV. Information on exchange rate of foreign currency-dominated financial assets and liabilities

The information on Foreign Currency Assets and Liabilities with Significant Effect of the Company is as follows:

December 31, 2023			
	Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 13,748	4.3352	\$ 59,599
USD	10,147	30.7050	311,562
HKD	2,113	3.9290	8,304
EUR	45	33.9800	1,541
<u>Investments Accounted for Using the Equity Method</u>			
USD	27,184	30.7050	843,264
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB	13,333	4.3352	57,800
USD	916	30.7050	28,125
December 31, 2022			
	Foreign currency (NT\$ thousands)	Exchange Rate (NT\$)	New Taiwan Dollars (NT\$ thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 8,701	4.4094	\$ 38,367
USD	10,168	30.7100	312,253
HKD	2,667	3.9380	10,502
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR	\$ 720	32.7200	\$ 23,556
<u>Investments Accounted for Using the Equity Method</u>			
USD	20,861	30.7100	684,239
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB	12,295	4.4094	54,214
USD	533	30.7100	16,375

The net foreign exchange gains (realized and unrealized) of the Company for the years ended December 31, 2023 and 2022 were NT\$1,530 thousand and a gain of NT\$38,496 thousand, respectively. Due to the variety of foreign currency transactions, the exchange gains or losses could not be disclosed according to the foreign currencies with significant impact.

XXVI. Disclosure Items

(I) Information on Significant Transactions:

1. Loans to others: Table 1.
2. Endorsements/guarantees provided for others: Table 2.
3. Securities held at the end of the period: None.
4. Cumulative purchase or sale of the same securities amounted to NT \$300 million or 20% and above of the paid-in capital: None.
5. Acquisition of real estate amounting to NT\$300 million or 20% of the paid-in capital or more: None.
6. Disposal of real estate amounting to NT\$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-in capital or more: Table 3.
8. Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: Table 4
9. Trading in derivative instruments: None.

(II) Information on Reinvestment: Table 5.

(III) Information on Investments in Mainland China:

1. Information on investee company in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss and recognized investment income or loss, ending carrying amount of the investment, repatriations of investment income, and limit on the amount of investment in mainland China: Table 6.
2. Major transactions with any investee company in mainland China directly or indirectly through a third region, and their prices, payment terms, unrealized gains (losses), and other information:



- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Note 22 and Table 3.
  - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Note 22 and Table 3.
  - (3) The amount of property transactions and the amount of profit or loss generated: Note 22.
  - (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Note 22 and Table 2.
  - (5) The highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds: Table 1.
  - (6) Other transactions that have a significant effect on the current profit or loss or financial situation, such as the provision or acceptance of services: Note 22.
- (IV) Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%: Table 7.

Acme Electronics Corporation and investees  
FINANCING PROVIDED TO OTHERS  
From January 1 to December 31, 2023

Table 1.

Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Lender	Borrower	Financial Statement Account	Related Party (Yes/No)	Maximum balance of the current period	Ending balance (Note 3)	Actual borrowing amount (Note 3)	Range of interest rates	Nature of lending (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing limit to individual borrower (Note 1)	Aggregate financing limit (Note 1)	Remarks
													Name	Value			
1	Acme Electronics (GZ)	ACME Electronics (KS)	Other receivables - related parties	Yes	\$ 176,040 ( RMB40,000 thousand)	\$ 173,408 ( RMB40,000 thousand)	\$ 104,045 ( RMB24,000 thousand)	3.45%	2	\$ -	Business turnover	\$ -	—	—	\$ 383,828	\$ 383,828	

Note 1: Total financing amounts provided to others shall not exceed 40% of the net value of ACME Electronics (Guangzhou) Co., Ltd., and the highest aggregate financing limits were calculated by the net value as of December 31, 2023.

Note 2: The method of filling in the nature of financing is as follows:  
(1) Fill in 1 for those with business transaction.  
(2) Fill in 2 for those with necessary for short-term financing.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Acme Electronics Corporation and investees  
Endorsements/Guarantees Provided for Others  
From January 1 to December 31, 2023

Table 2. Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Made for Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/Gua rantee to Net Equity in Latest Financial Statements (Note 1)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/ Guarantee Made by Parent for Subsidiaries	Endorsement/ Guarantee Made by Subsidiaries for Parent	Endorsement/ Guarantee Made for Companies in Mainland China	Remarks
		Company Name	Relationship											
0	The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	\$ 2,654,198	\$ 778,716 ( USD 18,500 thousand and RMB 49,000 thousand )	\$ 365,950 ( USD 5,000 thousand and RMB 49,000 thousand )	\$ 151,732 ( RMB 35,000 thousand )	None	20.68%	\$ 3,538,930	Y	N	Y	
		Acme Electronics (GZ)	Subsidiary of GAEL	2,654,198	64,850 ( USD 2,000 thousand )	-	-	None	-	3,538,930	Y	N	Y	
		ACME (Cayman)	Subsidiary of the Company	2,654,198	314,200 ( USD 10,000 thousand )	-	-	None	-	3,538,930	Y	N	N	
1	ACME (MA)	ACME Ferrite	Subsidiaries of ACME(MA)	480,703	115,597 ( MYR 17,584 thousand )	112,731 ( MYR 17,584 thousand )	64,271 ( MYR 10,025 thousand )	None	16.42%	549,375	Y	N	N	

Note 1: The rate was calculated by the equity of ACME as of December 31, 2023.

Note 2: The total amount of endorsements/guarantees provided shall not exceed 200% of the Company’s net value. The amount of endorsements/guarantees for an individual entity shall not exceed 150% of the Company’s net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2023.

The total amount of ACME (MA)’s endorsement/guarantee shall not exceed 80% of ACME (MA)’s net value. The amount of endorsement/guarantee for an individual entity shall not exceed 70% of ACME (MA)’s net value. The maximum amount of endorsement/guarantee was calculated based on the equity of the endorser/guarantor as of December 31, 2023.

Note 3: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Acme Electronics Corporation

Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital;

From January 1 to December 31, 2023

Table 3.

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Counterparty	Relationship	Transaction Details				Unusual Transaction Terms and Reasons (Note 1)		Notes/Accounts Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Ratio to Total Purchase / Sales	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Notes or Trade Receivable (payable)	
The Company	Acme Electronics (GZ)	Subsidiary of GAEL	Purchase (including processing fee)	\$ 242,598	39%	55 days	\$ -	—	( \$ 22,476 )	32%	
Acme Electronics (GZ)	The Company	Subsidiary of GAEL	Sales (including processing fee)	( 242,598 )	29%	55 days	-	—	22,476	9%	
The Company	Acme Electronics (GZ)	Subsidiary of GAEL	Sales	( 129,989 )	11%	55 days	-	—	22,560	7%	
Acme Electronics (GZ)	The Company	Subsidiary of GAEL	Purchase	129,989	77%	55 days	-	—	( 22,560 )	67%	
The Company	ACME Electronics (KS)	Subsidiary of ACME (Cayman)	Sales	( 173,680 )	15%	55 days	-	—	47,271	15%	
ACME Electronics (KS)	The Company	Subsidiary of ACME (Cayman)	Purchase	173,680	75%	55 days	-	—	( 47,271 )	70%	

Note 1: The terms of purchase and sales transactions between the Company and its subsidiaries are not materially different from those of general transactions. The price of the products sold by the Company to its subsidiaries may vary depending on the Group’s business strategy and the pricing may be different from that of ordinary transactions.

Acme Electronics Corporation and investees  
Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital  
December 31, 2023

Table 4.

Unit: In Thousands of New Taiwan Dollars

Company Name	Counterparty	Relationship	Balance of receivables from related parties	Turnover Rate	Overdue receivables from related parties		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Treatment		
Acme Electronics (GZ)	ACME Electronics (KS)	Subsidiary of GAEL	Other receivables - related parties \$104,317	-	\$ -	—	\$ 90	Note

Note: There is no allowance of impairment loss after an impairment assessment.

Acme Electronics Corporation  
Name of the invested company, location... and other related information  
From January 1 to December 31, 2023

Table 5. Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor	Investee	Location	Main Business Activities	Original Investment Amount (Note 1)		Ending Holding			Net Profit (Loss) of the Investee for the Period (Note 2)	Investment Profit (Loss) Recognized for the Period (Note 2)	Remarks
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount (Note 1)			
The Company	ACME (Cayman)	Ugland House P.O. Box 309 George Town, Grand Cayman, Cayman Islands	Corporate investments	\$ 880,420	\$ 605,182	36,675,541	60.10%	\$ 843,264	(\$ 94,932)	(\$ 33,582)	
	GAEL	CITCO Building, Wickhams Cay Road Town, Tortola, British Virgin Islands	Corporate investments	669,072	669,072	20,800,000	100%	958,218	(USD(3,046) thousand)	(USD(1,063) thousand)	
	USIO	12F, No. 37, Jihu Rd., Neihsu Dist., Taipei City	Manufacturing and marketing of sapphire single crystal	646,200	646,200	22,064,224	34%	18,196	( 72,483)	( 67,927)	
ACME (Cayman)	ACME (MA)	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Corporate investments	365,113 (USD11,891 thousand)	365,113 ( USD11,891 thousand)	42,600,000	100%	695,722 (USD22,660 thousand)	17,755 (MYR2,704 thousand )		
ACME (MA)	ACME Ferrite	Plot 15,Jalan Industri 6 Kawasan Perindustrian Jelapang II(ZPB) Jelapang 30020 Ipoh, Perak, Malaysia.	Manufacturing and marketing of soft ferrite core	243,387 ( MYR37,964 thousand)	243,387 ( MYR37,964 thousand)	9,120,000	100%	687,154 (MYR107,184 thousand)	18,315 (MYR2,790 thousand )		

Note 1: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Note 2: The amount is calculated based on the average exchange rate from January 1 to December 31, 2023.

Note 3: Please refer to Table 6 for relevant information on mainland investee companies.

Acme Electronics Corporation  
Information on Investments in Mainland China  
From January 1 to December 31, 2023

Table 6. Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company in Mainland China	Main Business Activities	Paid-in Capital (Note 6)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of the Beginning of Period (Note 4)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan as of the End of the Current Period (Note 4)	Net Profit (Loss) of Investee for the Period (Note 5)	Ownership Percentage of Direct or Indirect Investment	Investment Gains (losses) on investment recognized in the period (Notes 3 and 5)	Carrying Amount as of the End of Period (Note 6)	Accumulated Repatriation of Investment Profit as of the End of the Current Period
					Outflow	Inflow						
ACME Electronics (KS)	Manufacturing and marketing of soft ferrite core	\$ 943,411 (USD30,725 thousand)	Indirect investment via ACME (Cayman).	\$ 374,188 (USD 11,144 thousand)	\$ -	\$ -	\$ 374,188 (USD 11,144 thousand)	(\$ 104,690) (RMB(23,651) thousand)	60.10%	(\$ 60,229) (RMB(13,609) thousand)	\$ 407,515 (RMB94,001 thousand)	\$ -
Acme Electronics (GZ)	Manufacturing and marketing of soft ferrite core	589,536 (USD19,200 thousand)	Indirect investment via GAEL.	619,676 (USD19,200 thousand)	-	-	619,676 (USD19,200 thousand)	( 71,856) (RMB(16,296) thousand)	100%	( 71,856) (RMB(16,296) thousand)	959,571 (RMB221,344 thousand)	-

Accumulated Outward Remittance of Investment to Mainland China from Taiwan at the End of the Current Period	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Amount of Investments in Mainland China Authorized by Investment Commission, MOEA
\$ 931,713 (USD 30,344 thousand) (Notes 2 and 6)	\$ 1,124,816 (USD 36,633 thousand) (Notes 2 and 6)	\$- (Note 1)

Note 1: According to the file J.S.Z. No. 09704604680 issued by the Investment Commission, MOEA on August 29, 2008, the Company is an enterprise that has obtained the certificate issued by the Industrial Development Bureau, MOEA for meeting the business scope of the headquarters, so there is no investment limit.

Note 2: It includes the capital increase transferred from earnings of Acme Electronics (Kunshan) Co., Ltd., and the Company increased the amount of US\$6,289 thousand at its ownership percentage.

Note 3: The investment gain (loss) recognized for this period are calculated on the basis of financial statements reviewed and approved by CPAs of the parent company in Taiwan.

Note 4: The calculation was based on the exchange rate of the original investment.

Note 5: The amount is calculated based on the average exchange rate from January 1 to December 31, 2023.

Note 6: The foreign currency amount was calculated based on the spot exchange rate of December 31, 2023.

Acme Electronics Corporation  
Information on Major Shareholders  
December 31, 2023

Table 7.

Names of Major Shareholders	Shares	
	Number of Shares Held (in Shares)	Shareholding (%)
USI CORPORATION	61,682,967	28.95%
USIFE Investment Co., Ltd.	20,280,230	9.52%

Note 1: The table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDC) calculates the total number of ordinary shares and preferred shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the Company's consolidated financial statements and the actual number shares that have completed the dematerialized registration and delivery may be different due to the difference in the basis of calculation.



Acme Electronics Corporation

Chairman: Wu, Yi-Gui